



Future proofing CX

How can organisations drive transformation effectively?



in partnership with



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About the research

The last few years has seen such change in how organisations communicate with their customers.

But what's driving organisations to shake up their Customer Experience (CX), what obstacles are standing in their way, and what are they doing to ensure that CX escapes the past, yet remains agile and competitive?

We wanted to know more. Davies and Netcall teamed up and commissioned Hayhurst Consultancy to gather invaluable insight from senior CX-related professionals. We focussed on industries that Netcall and Davies operate in across the private and public sectors.

360 respondents

from financial services, NHS

and local government across UK



BREAKDOWN OF ORGANISATIONAL TURNOVER

- » £100m - 3500m (120 respondents)
- » £501m - £1,000m (131 respondents)
- » £1bn+ (109 respondents)



BREAKDOWN OF INDUSTRY VERTICAL

- » Retail bank - 49 respondents
- » Building society - 31 respondents
- » Insurance underwriter - 50 respondents
- » Insurance broker - 50 respondents
- » Local government - 100 respondents
- » NHS Trust - 80 respondents



SPLIT EVENLY THREE WAYS ACROSS JOB ROLES

- » CX specifiers - 120 respondents
- » CX design and implementation - 120 respondents
- » IT and digital transformation - 120 respondents



BREAKDOWN OF RESPONDENTS BY SENIORITY WITHIN ORGANISATION

- » Chief Executive - 17 respondents
- » Director or Chief CX Officer - 182 respondents
- » Head of department - 86 respondents
- » Senior Manager - 75 respondents



We also conducted five in-depth interviews with senior professionals from each of the industry verticals

- » Insurance broker - UK-based Customer Experience Director at major global insurer
- » Insurance underwriter - UK-based Head of Customer Operations at large European insurance company
- » Retail financial services - CEO of major regional UK building society
- » NHS Trust - Head of Patient Engagement at major London NHS Trust
- » Local government - Head of Contact Centre at one of London's largest local authorities





Executive summary



CX Transformation

The pace of change in customer experience (CX) innovation is quickening across all the sectors we engaged with. It's particularly rapid for large insurance organisations turning over £1bn+. Whilst COVID-19 has been the key change driver, other subsidiary drivers remain as we look towards a post-COVID era.

Standard organisational project drivers, like cost reduction and revenue enhancement, don't appear to be primary drivers of CX change – at least in the opinion of CX experts.

CX is widely measured, but the data suggests that organisations have much more CX-centric data within their organisations than they actually use to measure CX itself.



CX channel choice and customer engagement

Channel proliferation has continued during COVID-19. More people have reasons to engage more often with providers (especially the NHS). Increasingly, they're using channels of their choice to do so. Our data suggests that organisations are widely happy with this. They are exploring and developing their channel options to maintain customer engagement.

Inbound and outbound call volumes have both risen in the last 12 months. Omnichannel is an ambition for many (only 1% claimed to have absolutely no desire for it). Around a quarter of all respondents believe they are already omnichannel – up to 31% in finance and insurance. However, there are barriers to achieving it – the complexity of legacy systems that would need to be integrated / updated, and a general lack of expertise within the organisation.



Sustainable CX design and culture

Organisations can become so focused on designing exceptional CX to fulfil current customer needs, that long-term sustainability is hard to get to grips with. 62% of respondents stated that “CX is constantly changing so I need to be able to rapidly adapt to keep ahead of expectations”. It's time for organisations to place greater emphasis on designing sustainable and future proof CX.

Digital transformation projects are widespread, and predominantly viewed as successes. Our data suggests that many transformative projects in CX are driven by customer enhancement ambitions.

CX specifiers, builders, and internal end users seem to be remarkably well-aligned in terms of what features they believe are the most important in good robust CX design. Ultimately, they agree that the best design aligns seamlessly with business process, whilst still enabling full regulatory compliance.



What's driving CX change?

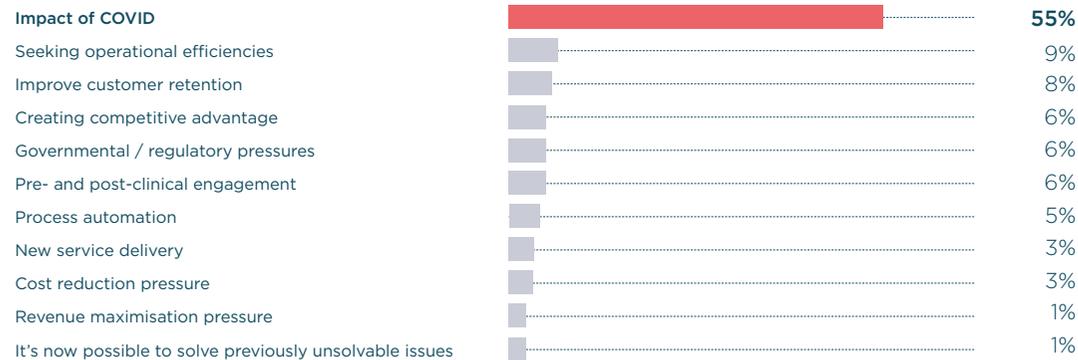
Section 1

COVID-19 is still having a significant impact on organisations across all sectors – specifically when it comes to their customer experience (CX) strategy.

55% of respondents ranked COVID-19 as their biggest driver for CX change.

For many organisations it was the catalyst needed to ignite change and the shift in customer expectation and behaviour has provided a positive acceleration in digital transformation projects that may never have been realised without COVID-19.

RESPONDENTS NAMING EACH FACTOR AS THEIR #1 CHANGE DRIVER %



“ I think during the pandemic some customers have felt vulnerable, mental health has been a challenge for some, and so I think that has had a part to play in what is driving these changes.

UK-based Customer Experience
Director at major global insurer

“ COVID-19 has accelerated a change that might otherwise have taken a decade to manifest itself.

Head of Patient Engagement at
major London NHS Trust



▶ What's driving CX change?

Channel choice is key

Of course, digital-first CX, and the technology that underpins it, isn't always what certain customers or end users need. Take local government services, where some end users may be digitally excluded, or a regional building society, where walk-ins to a branch remain a valuable point of human-interaction for customers. However, digital access has surged during the pandemic, and customers now expect a flexible service provision on their channel of choice.

The challenge is two-fold: to make all of those channels available on demand and make each an effective touchpoint. It's essential to break down the process and tech silos and ensure that all the data obtained can be fed into central systems. Then, any adviser can see the full customer picture on the next interaction, which is crucial for any organisation to offer truly seamless CX.



It's not always about cost

When respondents were invited to choose their top three drivers for CX change, other factors such as seeking operational efficiencies (51%) and improving customer retention (28%) bubbled to the surface.

Interestingly, cost reduction (13%) and maximising revenue (9%) were ranked relatively low. Our interviews showed that, regardless of sector, driving effective CX helps financial performance. Other fact-of-life elements and legal requirements must always be dealt with most urgently.

“ If you have a good customer ethos, the positive financials drop out themselves. We know customers will respond positively if we treat them well.

CEO of major regional UK building society

▶ What's driving CX change?

“ I think people have recognised it's a team effort to get the journey right... It feels good to do the right thing, and make sure it has good outputs.

UK-based Customer Experience
Director at major global insurer

“ We are much more driven by good patient outcomes than by purely financial concerns. We are always working within a tight financial envelope – it's also tied up with accountability, which in the NHS is publicly accountable. So there will be a concern about value for money.

Head of Patient Engagement at
major London NHS Trust

“ Most people who work for a council have some general kind of social ethos, we want residents to be well-served, we are very much at the coalface when you see people in need. So where a process is inefficient from a resident's perspective, there can be a lot of push to change.

Head of Contact Centre at one of London's
largest local authorities

“ Revenue generation has had to take a back seat to a whole host of other challenges in recent times.

UK-based Head of Customer Operations at large
European insurance company

What's obstructing CX change?

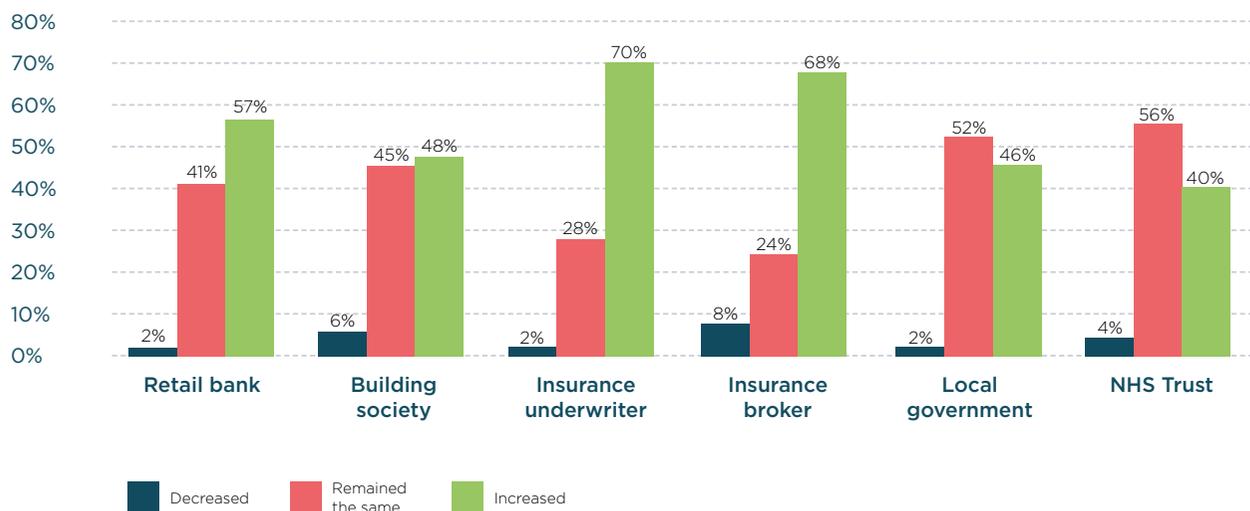
Section 2

The pace of CX transformation is increasing

The pace of transformation in customer experience (CX) is increasing across all sectors we surveyed, with no sign of slowing down.

The insurance sector is experiencing the most rapid change - this may be indicative of the size of organisations in this sector (in those turning over more than £1bn, 83% feel the pace is increasing, compared to 35% in smaller organisations).

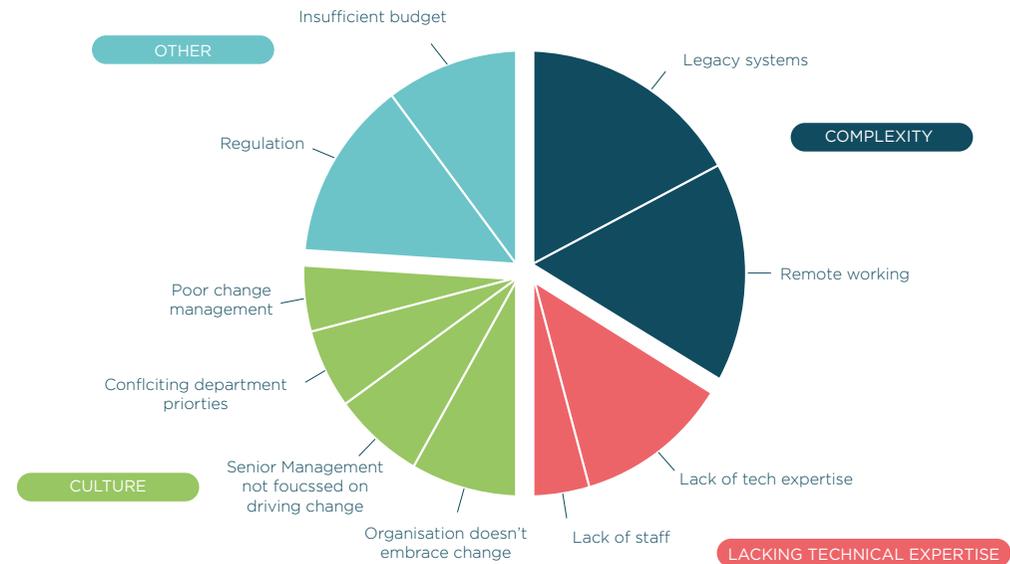
Public sector organisations responded more frequently that, for them, the pace had remained more or less the same - many were undergoing more rapid modernisation than other sectors prior to 2020.



▶ What's obstructing CX change?

The demand is clear. What are the barriers?

Our respondents ranked the top three barriers to driving agile CX change in their organisations. The standout blockages to change are related to complex legacy systems (which 17% ranked as their biggest hurdle), a lack of technical expertise (ranked highest by 12%) and a number of different cultural issues.



“ System issues are significant. It makes it so much harder to get traction with customer-led initiatives because the regulatory and infrastructure challenges have to be met first.

UK-based Head of Customer Operations
European insurance company

“ The desire is there, it's just that we don't always have the IT bandwidth to change systems. It's not for want of asking.

Head of Contact Centre, one of London's largest
local authorities



▶ What's obstructing CX change?

Size matters

Interestingly, the barriers to change shift markedly with organisational size. 42% of respondents from organisations with revenues of £100m-£500m cited lack of budget as a top three change barrier. But only 4% of their counterparts at £1bn+ businesses made the same claim.

Poor change management was cited as a change barrier at 23% of smaller companies, compared to just 7% at the largest.

However, whether large or small, for most organisations complexity of legacy systems ranks as the most important barrier to change.

The focus on the tech stack must be matched by the focus on the culture.

57% said it is essential to transform with a focus on culture to deliver sustainable CX.

Removing the barriers

Overcoming these barriers can seem an almighty challenge. Automation tech can be deployed to do the heavy lifting, joining up disparate legacy systems. And if that technology is simple enough to use, the architects of your CX transformation can be from a wider pool of your existing employees, relinquishing IT from their queues and empowering a culture of improvement, progress and enthusiasm for transformation.

It's time for organisations to foster a new agile culture, utilising technology not headcount, to create sustainable CX transformation.

“ Automating routine tasks can free up frontline workers and boost staff morale. It's usually impractical to remove older systems, but wrapping them in more accessible technologies – chat-bots, workflow automation, low-code and RPA – can place CX transformation into the hands of every team member and customer.

Richard Farrell, Chief Innovation Officer, Netcall



The evolution of omnichannel

Section 3

Multichannel. Omnichannel. What's the difference?

The terms are commonly used and, while most recognise them as different methods of handling inbound enquires, many don't have a deep understanding of the differences. Some believe that omnichannel is superior to multichannel.

In a multichannel world, advisors get a top down view of customer interactions. Help is available on supported channels, but that help comes from different advisors or even different teams. A queue builds up for each channel in chronological order. Managers assign agents to input streams based on their skills.

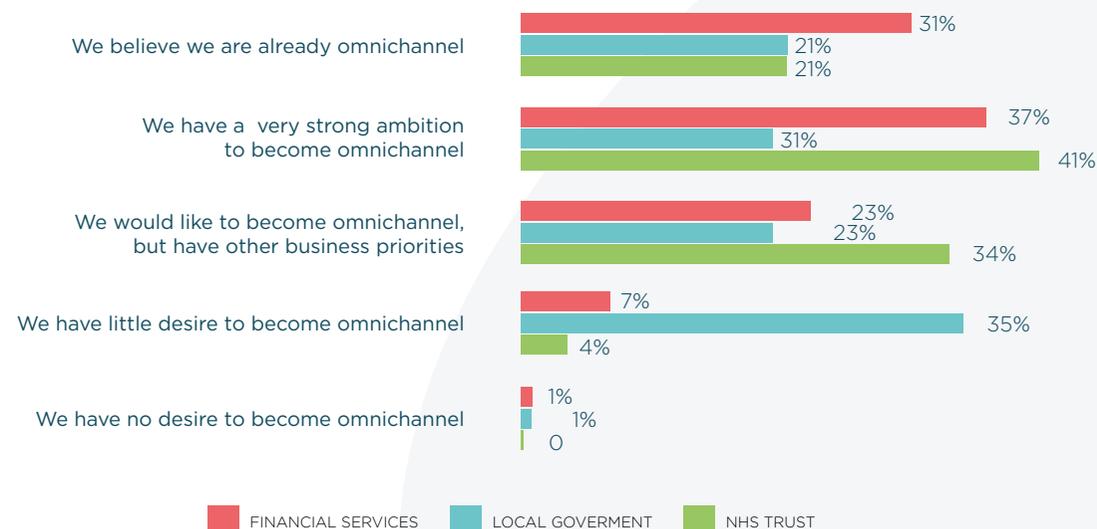
It's a tried and tested method with many advocates – it's not necessarily inferior.

The omnichannel difference is bringing every input medium into one single queue. Every text, email, call and social media message is handled using a consistent interface, supporting tools, and measurements. The ability to switch channels without losing context, creates a frictionless experience. This holistic view also gives more information to management and gives agents the best chance to improve resolution at first contact, likely to lead to high customer satisfaction scores.

Omnichannel aspirations

Around a quarter of all respondents believe they are already omnichannel – up to 31% in finance and insurance. The majority of respondents showed a very strong ambition to become omnichannel – in fact, combining “strong ambition” with “would like to be omnichannel” responses, indicates that 75% of NHS Trusts want to be omnichannel and 60% across financial services. Only local government lacks omnichannel ambition, with less than half (43%) wishing to move in that direction and a third (36%) having little or no desire to.

OMNICHANNEL ASPIRATIONS



▶ The evolution of omnichannel

“ ‘Omnichannel’ has been ill-defined by organisations for decades, customers don’t care that you have the latest fully integrated, AI powered channel strategy – they want to ask a question, buy something, and simply feel valued. Listen to your customers – they will tell you where it hurts! ”

Mat Paixao, Commercial Director, Davies

▶ The evolution of omnichannel

Channel choices and preferences

No customer likes to feel they are being passed from pillar to post (and this in itself is costly as resources and advisers are used multiple times to handle the same issue and the need for data entry increases with each interaction). Ultimately, respondents in our survey are driven by creating satisfactory customer outcomes, rather than driving customers down a poorly designed path.

Despite the proliferation of new digital channels, inbound and outbound telephony remains prevalent (at 72% and 74% respectively) and the NHS has seen the biggest increase in inbound volumes (38% described a significant increase). Calls are closely followed by message-based channels, like text, (74%).

Email remains the most commonly used customer / patient engagement channel (100%). Fringe media, like video messaging (4%) and social video (8%), are little used by comparison, but 3 in 4 organisations claim to use social network-based media as an engagement enablement channel.

“ One touch resolution is actually very difficult to measure, especially if you are not truly omnichannel.

UK-based Head of Customer Operations
at large European insurance company

“ The only two new channels I see long term are web chat and WhatsApp. Both are easy to use, increasingly popular and quick for simple transactional activity. Plus allowing consumers to interact when they're free reduces the need for extra call centre staff and allows for easier queuing.

UK-based Customer Experience Director
at major global insurer



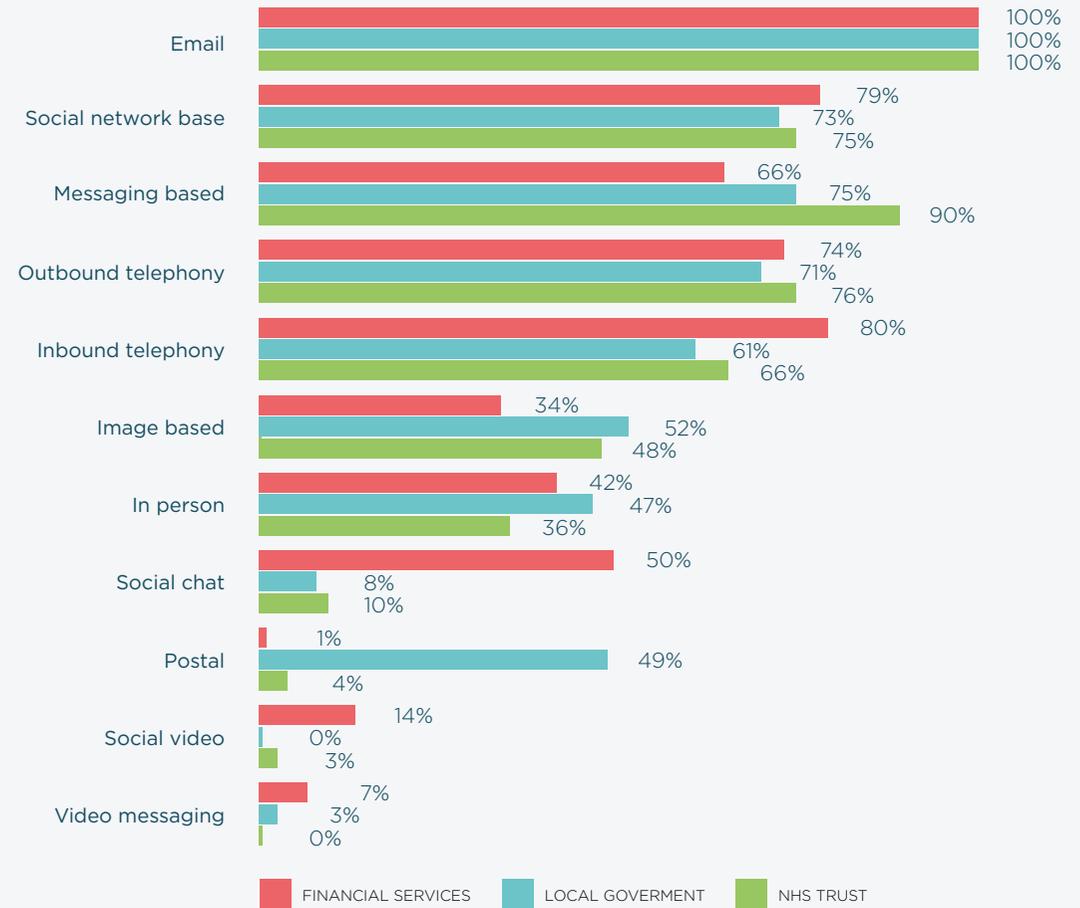
▶ The evolution of omnichannel

More than half claim an ambition to use social chat and video in the next 18 months. Local government respondents showed a clear reliance on postal communications but expect to digitise these services in the year ahead (only 2% of council respondents expect to use post in the future).

Channel prediction is notoriously difficult. And costly. Though customers expect choice, the wider influences of economic and social pressures and technology changes mean that choosing the right channels is always going to be uncertain. Until the moment that customer demand makes the provision “mandatory” to deliver acceptable engagement.



CHANNEL CHOICES AND PREFERENCES



The new ways that people chose to interact with organisations post-COVID-19 (55%) has been a crucial driver for offering and adopting new channels. Other factors at play are concerns over missing engagement opportunities (50%) and the desire to better measure and evaluate interactions (46%).

▶ The evolution of omnichannel

“We don’t have the budget to try every new thing. I really couldn’t hazard a guess about what channels will be popular in two or three years’ time, we don’t have the money to chase every rainbow.”

Head of Contact Centre at one of London’s largest local authorities

“Juggling channels and speed of service continue to increase in importance. Customers expect brands to respond and interact in real time. And it pays to meet this demand as rewards go to those that meet and exceed expectations. The most effective way to do this is with flexible and configurable technology tools for customer engagement *and* automation.”

Richard Farrell, Chief Innovation Officer, Netcall

Design truly sustainable CX for the future

Section 4

Effective CX is not just about the here and now

Organisations can become so focused on designing exceptional customer experience (CX) to fulfil their customers' current needs, that long-term sustainability is hard to get to grips with. 62% of respondents stated that "CX is constantly changing so I need to be able to rapidly adapt in order to keep ahead of expectations". Continually shifting customer needs and behaviours mean that organisations need to be one step ahead with their CX strategy and place greater emphasis on designing sustainable, adaptable CX. Future proof CX.

“ CX design in our sector is quite reactive.

Head of Contact Centre at one of London's largest local authorities

“ COVID-19 has accelerated a change that might otherwise have taken a decade to manifest itself.

Head of Patient Engagement at major London NHS Trust



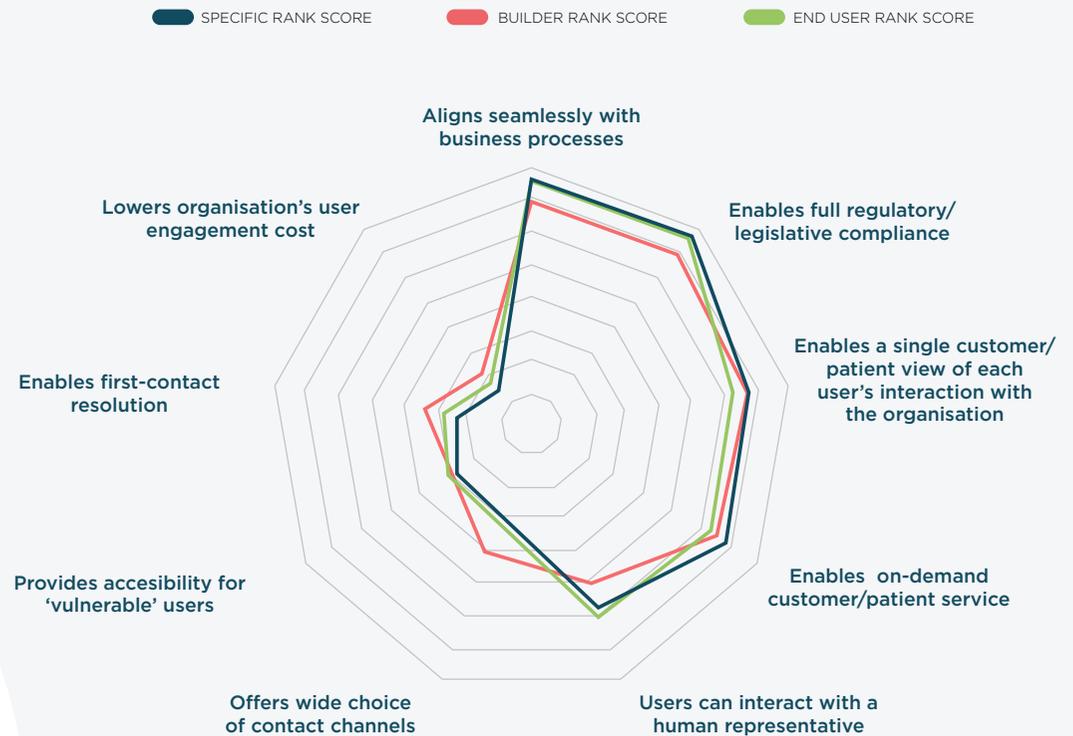
▶ Design truly sustainable CX for the future

The key ingredients for sustainable CX design

“Aligns seamlessly with business processes” and “enables full regulatory compliance”* were ranked as the most desirable features in sustainable CX design. Each industry and role types were remarkably well-aligned in the features they believe are the most important in robust CX design.



FEATURES DESIRABLE IN A GOOD SUSTAINABLE CX DESIGN - BY ROLE



*This was a forced ranking question. Each respondent was given a selection of three features of CX design, and they had to choose the “most desirable” and “next most desirable” feature from the three presented. Each respondent was presented with a rotation of nine sets of three features. Rotation of the groups of three (and of which respondents were shown which groups features) were devised using a statistical software package called Sawtooth and overseen by an independent statistician. A MaxDiff statistical technique was then applied to help us understand to what extent different CX personas - Specifiers, Builders and End-users were in agreement / disagreement about which features were important / less important.

▶ Design truly sustainable CX for the future

It all starts with customer-centric culture

The impact of organisational culture surfaced as a key issue repeatedly throughout our findings. 28% of respondents say organisational culture is one of the main barriers to effective CX design (only 16% in local government).

Plus, 82%* agreed with the statement “the focus on the technology stack must be matched by the focus on creating that right staff culture.”

Working towards a common goal of exceptional customer experience creates a more holistic working culture. We found a general consensus that CX is a unifying motivator between organisational departments that might otherwise be in conflict.

Listen to your customers and be able to act on it

Listening to your customers plays a key part in creating a healthy and effective customer-first culture. Reassuringly, only 1% of respondents claimed their organisation didn't measure customer satisfaction (that's just 4 respondents, 3 from local government).

Respondents use several standard metrics to measure CX, with less variety than expected. Only 66% of respondents shared that their organisation uses customer satisfaction survey outputs as a CX KPI. Building Societies are most likely to apply this (87%) and local government least likely (50%).

*59% strongly agreed, 23% agreed – combined to 82%.

“ Insurance companies are just not that customer-centric. Entire admin sections are based around policy types, rather than around the customer.

UK-based Head of Customer Operations at large European insurance company

“ Ultimately, we're all driven by patient outcomes. There's always going to be debate about how best to achieve that, but I don't sense that everyone is pulling in different directions.

Head of Patient Engagement at major London NHS Trust

“ CX is still something of a buzzword in insurance, but I'm not sure that once you start digging, all insurers are fully committed to it. Once the rubber hits the road, if the system can't deliver it, it doesn't happen.

UK-based Head of Customer Operations at large European insurance company

▶ Optimising customer engagement

“Culture is key to sustainable innovation. There is a common disconnect between an organisation’s broader digital transformation strategy and what it takes to deliver it. If employees don’t feel empowered to challenge the status quo and innovate, it becomes difficult to change the ‘this is how we’ve always done it’ mentality.”

Mat Paixao, Commercial Director, Davies

“Ultimately, the best design is one that aligns seamlessly with everything from business process to regulatory compliance. The transformation process can unify teams within an organisation, working towards a common goal to improve both the customer journey and employee experience. And all of those factors reap commercial benefits.”

Richard Farrell, Chief Innovation Officer, Netcall



Optimising customer engagement

Section 5

Getting engaged

Customer engagement is the ongoing cultivation of a relationship between an organisation and its consumer which goes far beyond the transaction. It's an intentional, consistent approach by an organisation to provide value at every customer interaction. Ultimately, it increases loyalty. It leads to advocacy. And it constantly evolves as customer (and staff) expectations change.

It's linked to customer satisfaction and customer experience (CX). There's some overlap, but they're not the same.

“ If Amazon entered the market tomorrow, it would be a completely different experience. It would be CX-driven and make the incumbents look pretty archaic.

UK-based Customer Experience Director at major global insurer

What is a Customer Engagement Hub?

[Gartner](#) has tabled a Customer Engagement Hub as the ultimate aim for optimal customer engagement. They describe it as an architectural framework, binding multiple systems together to optimally engage the customer. It enables personalised, contextual customer engagement, whether through a person or artificial agent, across all interaction channels. It reaches and connects all departments, synchronising customer services, marketing, sales and operations.

We, at Netcall and Davies, like this Hub concept. It's not about purchasing and deploying any one solution to provide a new channel or meet a new need. It's a mixture of flexible technology and the willingness of a company to strive to be agile and innovate experiences.

Organisations can build upon and adapt their tech stack, using resources outside of the IT team, to accomplish this.

▶ Optimising customer engagement

Orchestrate omnichannel interactions at the speed of customers

This research has shown that the biggest barriers for organisations in achieving streamlined CX are the fragmented legacy tech stack (17%) and the inevitable data silos that this brings, plus having the expertise available to resolve this (12%).

Cultural adoption also featured prominently (organisation does not embrace change 8%, lack of senior management focus on change 7% and poor change management 5% - when combined, these account for 20% of the responses).

Focussing on building a customer engagement hub breaks through these barriers, while simultaneously connecting and empowering employees, who gain access to more complete data.

Developing a Customer Engagement Hub may entail the addition of some new tech, but without doubt, it requires a strategic plan on how to best smooth out the complexities of your organisation.

Automate it

Developing a Customer Engagement Hub almost certainly involves automation to improve the utilisation of staff and resources.

Automating processes across silos and systems allows change to be captured, updated, validated, and deployed whenever needed.

The right automation tools provide multiple advantages - common ground for all parties to focus on objectives, reduced volume of routine tasks, increased ability for staff to take ownership, and reduced errors. Best practice can become everyday practice.

The reconstruction of culture

Crucially, Customer Engagement Hubs also demand a cultural shift. Aligning digital transformation with organisation culture improves employee job satisfaction and wellbeing.

As well as mitigating the impending bore-out, burn-out and great resignation, which is predicted, an outcome-focussed culture breeds optimism and empowerment. All of this enables better experiences for customers and staff alike - which ultimately leads to a stronger organisation overall.



▶ Optimising customer engagement

“What is often missed is the impact of automation on the front line to improve CX and service outcomes. Implementing automation doesn't only have to be about replacing “as is” – it can be a powerful enabler for change, enabling new features and functionalities typically restricted by legacy systems.”

Craig John, Global Director of Innovation, Davies

“Re-energise a hunger for information. It's more than data. It's the means to ensure everyone is informed, from frontline to management. Tech plays a key role, but it must be combined with a culture shift in autonomy. Information is useless without the ability to do something about it: the personal ability to introduce and to respond to change.”

Mark Humphreys, Solution Architects Manager, Netcall

So what will the future bring?

The accelerated pace of CX change may not be showing any signs of slowing down, but how will the factors driving transformation, and the critical issues obstructing it, shift over time? And will the next few years see more organisations adapt their organisational culture to be truly customer-first?

It's certainly an interesting time for customer communication, so we'll have to wait and see.

If you're looking for support with your CX strategy, please get in touch with Davies and we'd be happy to share some ideas with you.

www.davies-group.com



About Davies

Davies helps businesses transform through the strategic use of clever technology.

We work with organisations to tackle challenges in customer and employee experience, data and compliance, business processes, contact management, digital innovation and more. We're tech enthusiasts continually looking for new ways to shake up the status quo with the latest technology.

Our wider business delivers professional services and technology solutions across the risk and insurance value chain including excellence in claims, underwriting, distribution, regulation, customer experience, human capital, transformation & change management.

www.davies-group.com



About Netcall

Netcall helps organisations to radically improve customer experience (CX).

A leading provider of customer engagement and intelligent automation solutions that enable customer-facing and IT talent to collaborate.

By taking the pain out of projects, we help organisations to dramatically improve CX, eliminate friction, increase scalability and lower costs.

600+ organisations in local government, healthcare, insurance and financial services use Netcall's Liberty Platform.

www.netcall.com



About Hayhurst Consultancy

Hayhurst Consultancy is an independent specialist B2B marketing & market research consultancy, run by Simon Hayhurst.

Simon has over 25 years' B2B marketing expertise, particularly in the financial services, technology and professional services sectors.

www.hayhurstconsultancy.co.uk



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