

**THE NEW RULES OF ENGAGEMENT:**

# How Digital Transformation has Changed the Channel Game



# Introduction

## IT'S TIME TO UPLEVEL CUSTOMER CARE

It's no question that the year 2020 drastically shifted customer experience focus toward digital channels. While this trend had already been on the minds of forward-thinking companies for years, those who did not have a solid digital strategy in place were forced to adapt.

And this shift isn't going anywhere soon. Now that consumers have experienced the ease of a well-delivered digital channel, whether through voice, app, or chat platforms, the bar has been raised. But this doesn't mean that all companies should strive to be exactly the same as companies who are excelling in this area. Instead, companies should use customer experience tools, like Conversational AI, to elevate their core competencies that already exist.

According to [McKinsey \(Aug 2020\)](#), shock to loyalty remains, with more than 77 percent of Americans trying new shopping behaviors during the crisis, including new methods, brands, and places, with the intention of sticking with them in the long-term.

According to [PwC's 2020 Global Digital IQ survey](#), 66% of companies said revenue growth and profitability would suffer if they didn't digitally transform quickly enough.

Customer experience is arguably the most important key differentiator for brands. The ability for a brand to integrate their brand personality and voice into these customer experiences sets them apart from the competition, and creates a seamless experience across the customer journey. And this goes beyond just what is communicated to customers, but also includes the methods of communication.

# The New Rules of Engagement



Customer engagement isn't a new concept, but the methods of achieving it improves as technology advances. Once multi-channel, then omnichannel, and now opti-channel strategies have set the standard for how brands organize their customer communication efforts. To understand opti-channel, let's first explore its predecessors.

**DIGITAL TRANSFORMATION IS MORE THAN JUST ABOUT CHANNEL CHOICE.**



**IT'S ABOUT CHANNEL OPTIMIZATION.**

## What is multichannel? What is omnichannel?

If you're in the customer contact space, you know that the past several years have been all about omnichannel. The ability to seamlessly transfer the context of a conversation from one channel to the next meant that customers were provided with a smooth and consistent customer experience. Compared to multi-channel, where the channels are offered separately from one another and do not pass context between channels, omnichannel is a more cohesive approach.

With both of these methods, companies are focused on offering many convenient and preferred channels for their customers. With that, we saw the introduction of many business communication fronts not only across voice and email, but also through texting, online chat, and smart speakers.

## What is opti-channel?

The evolution from single channel to omnichannel has been a linear one, as more channels of communication were invented, they were added to the customer communication equation. However that linear approach may not help going forward. **More channels doesn't necessarily equal better customer experience.** As consumers become more empowered, they prefer to use different channels depending on their preferences, type of the query at hand, as well as the context of the situation. This is called the opti-channel approach, leading with the channel that is the most optimal to the customer at that point in time.

# Opti-channel in practice



Multi-channel and omnichannel strategies created a pattern of companies simply checking boxes instead of actually prioritizing and designing the customer journey to best support the customer. It was a war of the channels, and the company who has the most channels “wins”.

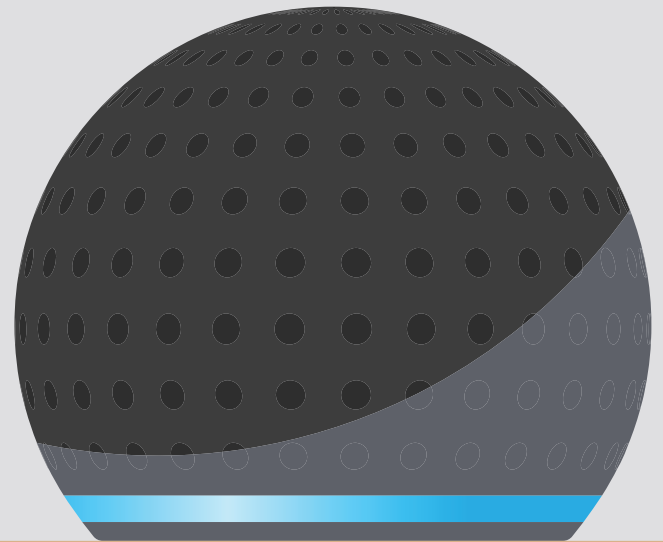
This, however, does not always correlate with what the customer wants. Customers like options, but they also like what they like. In an optichannel approach, companies use data, such as past channel choice and the task at hand, to offer the customer the channel that they would most prefer to use at that moment. In other words, the most optimal channel is determined by data and offered for use.

Think about the craze of smart speakers. They are helpful to many people, and can be a convenient way to handle transactions. However, if your target customers do not use smart speakers, then offering that channel is simply adding unnecessary distraction to the customer journey. Simplicity is key.



Would you like to check your bank account balance?

**No! Stop asking!**



In the next section, learn which channels will best support your customers from an opti-channel perspective.



# Channel Guide

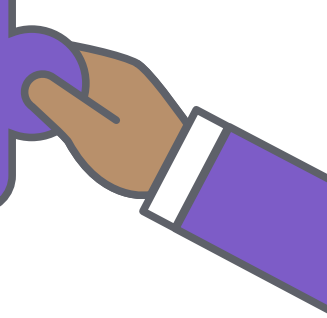


It's a bold statement but we're going to say it: **there's no such thing as an outdated channel, only outdated technology.** It's common for brands to throw most of their budget into new, shiny channels without evaluating the potential of updating technology behind already popular channels. Perhaps the most common example of this is voice. Many brands know that voice is their most frequented channel, but do not put in the resources to make it their most efficient. Instead, they focus on less popular, but newer chat channels that do not provide as high of a return.

	VOICE	
	PHONE	SMART SPEAKER
EXAMPLES	Cell-phone, smart phone, landline	Amazon Alexa, Google Home
WHY DOES IT MATTER?	Often a customer's first choice to contact a brand, the phone is a quick, efficient way for customers to solve their queries. In fact, humans can talk three times as fast as they can type, so with the right phone technology, a business can complete many transactions with speed and productivity.	While Smart Speakers are newer to the customer care scene, their efficacy should not be undervalued. In 2020, the number of smart speaker users in the U.S. was predicted to grow by 13.7% to reach 83.1 million, according to a report. For the right customer base, smart speakers have a huge opportunity to add another dimension to customer experience with easy-to-use, hands-free engagement.
IDEAL USE CASES	Because it is naturally conversational, voice interactions can be used across a variety of use cases. From complicated insurance issues to simply resetting passwords, customers use their phones for all types of transactions. For this reason, the phone channel must be organized with technology and agents in a way that is able to support diverse inquiries.	Smart Speakers are a great option for FAQs, store hours or location, order status, voice searches, and even some financial transactions (after 2-factor authentication). However, they may not be suitable for context-driven transactions or those with sensitive information. Consumers also must acquire the skill or action to use certain features, which may limit its use.
COMMON TECHNOLOGIES	IVRs and DTMF are two traditional technologies that are used to support the voice channel. While these typically are only useful to contain and deflect callers, more advanced technologies like an Intelligent Virtual Assistant (IVA) can create an effortless and productive channel, regardless of the complexity of the issue.	Alexa skills and Google Assistant actions are voice driven apps that allow actions and tasks to be executed via a smart speaker. These are generally used for simple actions and they allow for basic customer care inquiries. More complex or advanced inquiries are generally handled through other channels of communication.

## TECHNOLOGY VERSUS CHANNELS—WHAT'S THE DIFFERENCE?

Channels are the mode of communication that consumers contact you through, while technology is the tool that your business uses to power that channel. Having the right channels ensures that your customers can contact you on their preferred mode. And having the right automation technology makes that channel more convenient and efficient for customers to use.



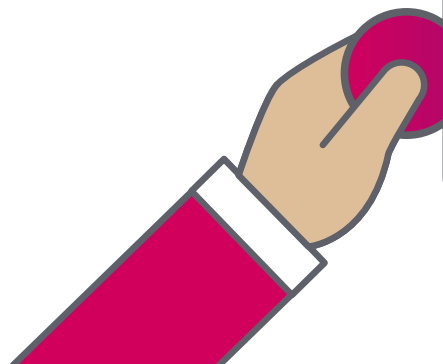
	TEXT		
	SMS	MESSAGING SERVICE	WEB/IN-APP CHAT
EXAMPLES	iMessage, SMS	Facebook Messenger, Line, WhatsApp, Kik, Wechat	Hosted on the website or app owned by the brand
WHY DOES IT MATTER?	Meet customers where they are, which is on their phones. Due to its simplicity and reach, SMS has become a globally adopted communication channel. Everyone knows how to open, read, and text a message, and it's rare that a phone is very far from its user.	Messaging services provide an excellent opportunity to reach consumers on platforms that they already spend a lot of time on. More than 20 billion messages are exchanged between businesses and users monthly on Facebook Messenger, and messenger marketing leads to a 70% better open rate than email marketing.	Web chats behind a customer login allow for more mature use cases and could be handled in synchronous and asynchronous manner, depending on the customer's preference. Many users will first head to the website when facing an issue, providing a convenient channel for them to use.
IDEAL USE CASES	SMS text communication can be beneficial for brands when applied for user engagement, notifications, bi-directional communication, and order status updates. But limited automation may pose a challenge for some interactions.	Messaging services, like SMS text, are great for brands to capitalize for user engagement, notifications, offers, order status updates, appointment setting, and FAQs.	A wide range of use cases can be successful through chat, including complicated queries.
COMMON TECHNOLOGIES	IVAs leverage NLP, dialogue management, and back-end integrations to provide customers with a personalized, conversational, and engaging interaction. IVAs, unlike traditional text automation, are able to handle a larger scope with more complex dialogue ensuring that customers are always understood.	Brands tend to deploy basic and robotic automation on their messaging service channels, which leave customers feeling frustrated and dissatisfied. IVAs leverage the power of Conversational AI and human understanding to deliver best in class and natural conversations, ensuring that bi-directional conversations are human-like.	Chatbots are typically used to power chat, however they generally lack sophisticated NLP, contextual interfaces, and dialogue management, meaning that they often fall short of customer expectations. Rich text capabilities through an IVA have a seamless integration with back-end systems for a personalized dialogue that leverages the power of Conversational AI.

So which channels should you focus on? It's completely dependent upon your customer base, and thorough research should be done to understand which channels your customers most prefer and for which tasks. We've put together a guide to help you understand why each channel matters, when each channel should (and shouldn't) be used, and common technologies that are used to support them.

There are two types of channel interactions: synchronous and asynchronous channels. Each can provide different benefits for customers, depending on the task at hand and the customer's preferences.

**Synchronous Channels:** Where the customer and the brand communicate in real-time. Think of a phone conversation or a live chat conversation. Questions are answered in real-time whether by a human agent or a virtual agent.

**Asynchronous Channels:** Where the conversation is more open ended and is typically resumed later by a customer. Think of emails or social media direct messages, where the customer asks questions and may receive the reply after some time.



Digital Transformation has changed the channel game forever. Instead of simply increasing channel choice, brands now should focus on increasing channel optimization. This creation of a golden path for customers will allow brands and customers to have the most favorable experiences from start to finish, and result in long-lasting customer loyalty.

All channels still have a place in modern customer care. In fact, supported with the right technology, channels like voice can provide the greatest return for brands. When it comes to optimizing channels, brands should understand the channel itself, the technology behind it, as well as the best use cases. These three distinctions can separate a frustrating conversation on a channel from a well-executed customer experience. When the right technology and use case is applied to a channel, the alignment allows for an optimal customer journey resulting in the best customer experience possible.

## IT'S EVERYBODY'S JOB

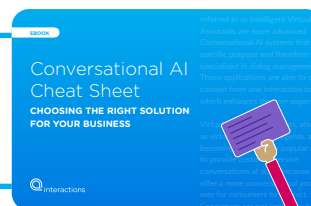
Gone are the days of siloed customer experience responsibility. If a consumer touchpoint is involved, it should be every department's focus to improve it. Contact center leadership traditionally "owns" customer relations, but as the importance of customer experience has expanded, so does this ownership. Marketing, finance, IT, and sales should all have a hand in the customer experience game.



### Where to start?

The key to understanding the complexity and nuances of the customer experience begin with analyzing the customer journey. Once a brand takes this step, using vast amounts of customer data to uncover insights to customer preferences and paths, they can look towards which channel technologies will optimize this flow.

To learn more about which technology solution is right for your business, check out [our cheat sheet to Conversational AI](#).



### About Interactions

Interactions provides Intelligent Virtual Assistants that seamlessly combine artificial intelligence and human understanding to enable businesses and consumers to engage in productive conversations. With flexible products and solutions designed to meet the growing demand for unified, omnichannel customer care, Interactions is delivering significant cost savings and unprecedented customer experiences for some of the largest brands in the world. Founded in 2004, Interactions is headquartered in Franklin, Massachusetts with additional offices worldwide.

For more information about Interactions, contact us:

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