HOW TO ALIGN SERVICE STRATEGY & TECHNOLOGY TO FUEL NEXT-GEN CUSTOMER EXPERIENCES

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Overview

This document highlights the top objectives fueling the activities of modern day B2B service leaders. It details the key strategic activities and technologies they use to achieve their goals with an emphasis on carefully aligning both to maximize performance results.

What's Driving the Modern B2B Service Leader?

Service activities in B2B firms have a crucial impact on business success. They are often even more complex than service activities in B2C firms – and have higher stakes. All employees at businesses are also consumers in their private lives. As such, they expect the same level of service they receive as consumers from B2C firms from the B2B firms they interact with as professionals. Furthermore, the share of millennials (people born between 1977 - 1995) as both consumers with significant buying power and participants of the workforce employees has increased drastically, bringing with it the nuances firms must keep in mind about millennial behavior and preferences.

Meanwhile, B2B customer service is far more complex than B2C and carry far greater costs when it fails. That's because the average customer spend in B2B firms is typically far higher than the average consumer spend for B2C firms. Hence, losing clientele due to poor service has a far greater financial impact on B2B firms – in addition to the impact / disruption it creates for the customer. This means that the modern B2B service leaders must go beyond **following the lead of their B2C counterparts.** Rather, they must establish their own priorities and masterfully align strategy and technology to achieve these goals.

Aberdeen surveyed 859 businesses (of all sizes and all industries and around the world) regarding their customer experience (CX) and service activities. Table 1 shows the top goals reported by B2B service leaders participating in the study.

Table 1: Top Goals for the B2B Service Leader

Top Goals (n=859)	B2B Service Leaders
Improve customer satisfaction	51%
Increase brand awareness and loyalty	38%
Increase customer profitability	28%
Enable and incentivize employees to meet customer needs	21%
Increase number of net-new customers	21%

Source: Aberdeen, August 2022

Notes: This question was asked as a multi-choice question allowing respondents to pick up to two goals. As a result, percentage of total responses add up to over 100%.

The stakes and expectations in B2B service are higher than ever before.

Faced with unprecedented speed of change in customer expectations and business conditions, service leaders must turn into maestros for aligning strategy & technology for optimal CX and business outcomes.

Creating happy customers is the number one goal cited by B2B service leaders. That's not surprising as customer satisfaction is pivotal to ensure client loyalty and recurring spend as well as positive word-of-mouth. As noted earlier, customer satisfaction and loyalty have far greater impact on B2B firms. B2B firms typically have longer sales cycles. As such, it takes longer for them to make up for lost customer spend. Couple that with higher average client spend, that elevates the role of customer satisfaction for B2B service leaders with a direct and quantifiable impact on the financial health of the business.

Traditionally, cost decrease has long been regarded as a top goal for service leaders. However, findings in Table 1 don't directly reference it as a top goal. Rather, interestingly, service leaders have cited increasing brand awareness and loyalty as their second top objective. This is particularly important as it shows that even in the midst of a turbulent economic environment, service leaders recognize that their firm can't sacrifice service excellence and customer satisfaction for lower costs. The reality that leading B2B firms now understand is that sacrificing from quality of customer care – even during tough economic times – means risking losing customers, which in turn makes matters worse for the business. Instead, savvy B2B leaders are investing in strategic initiatives and technologies to boost their service quality to capture the lost clientele of their competitors that pursue cost cuts without a careful assessment of their impact on quality of customer care.

Service activities have a direct and quantifiable impact on brand reputation and loyalty.

It's worth drilling down into the rise of brand awareness & loyalty as a top goal for service leaders. Clients with poor experiences are likely to share their negative sentiment and feedback with other current and potential buyers. This, in turn, jeopardizes customer loyalty and spend for the business. On the other hand, evangelists for the brand lift not only brand awareness but also introduce new buyers for the business through positive word-of-mouth. Collectively, this means that **service leaders that successfully improve brand awareness & loyalty have a demonstrable & quantifiable impact on the financial wellness of the business**. In financial reporting terms this can be considered as company goodwill – the premium a brand can add to its company valuation because of the positive impact the brand has on financial and CX results.

Although decreasing costs is not cited directly as a top objective, modern service leaders cite increasing customer profitability as their third top goal. Considering that profits are calculated by the total spend a customer makes with the business minus the cost to generate and maintain that spend, firms must continuously find ways to delight their clientele to preserve and increase their spend but also get more efficient in handling client needs that cost the service organization resources to handle. Hence, as noted earlier, cost gains must be considered from the lens of efficiency gains as opposed to purely financial decisions that will eventually hurt financial success of the firm due to customer churn resulting from poor service quality. To this point, the fourth goal cited in Table 1 by B2B service leaders is enabling and incentivizing employees with the knowledge and tools they need to address client needs. This refers to empowering the knowledge workers (wherever they may be physically working) with what they need to meet and exceed customer expectations.

Secrets to Align Strategy & Technology for Better CX

To determine how leading B2B service leaders accomplish the above objectives, Aberdeen analyzed self-reported performance data from companies participating in the *CX Executive's Agenda* survey and revealed two distinct groups of B2B service organizations: Best-in-Class and All Others (see sidebar for descriptions). A close comparison of the key attributes of firms in both categories revealed that the Best-in-Class use a series of activities and technologies more widely than their counterparts (All Others) – Figure 1.

Figure 1: Building Blocks to Align Strategy & Technology for Next-Gen CX
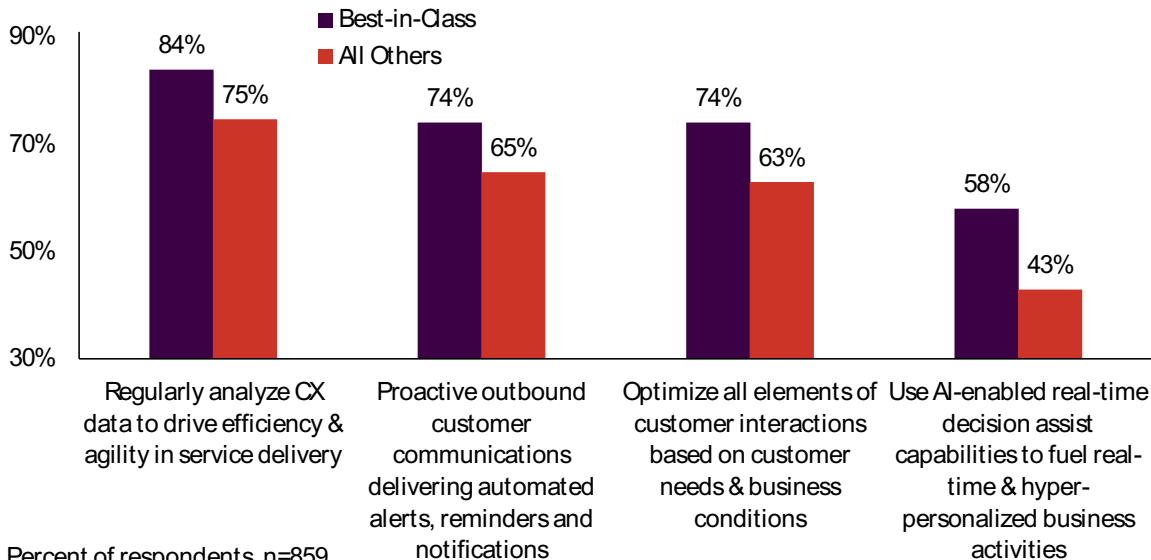
Percent of respondents, n=859
Source: Aberdeen, August 2022

Data is essential to power the modern enterprise. Figure 1 shows that the Best-in-Class use several key activities to better leverage data to deliver more timely and personalized service across all interaction channels.

First, Figure 1 shows that Best-in-Class B2B service firms are 12% more likely to **regularly analyze historical and real-time CX data to observe opportunities for efficiency gains**, gauge agility in service delivery and improve areas where and when needed (84% vs. 75%). When doing so, use of tools such as machine learning and artificial intelligence (AI) are highly beneficial for the Best-in-Class to do accurate and timely analysis of CX data. Machine learning helps service leaders use pre-built algorithms to analyze existing data for hidden trends and findings. AI enables building and executing automated workflows based on analysis of CX and operational data. Together, AI and machine learning enable service leaders to adjust service operations in the contact center and field service in a way that keeps-up with changes in customer behavior and business conditions.

Savvy B2B service leaders don't just rely on agility as a way to distinguish their activities. They also recognize the importance of going beyond reacting to customer

needs to proactively engaging clients to nurture client trust and loyalty. Indeed, Figure 1 shows that the Best-in-Class are 14% more likely to **use automated alerts, reminders, and notifications across myriad channels to proactively engage customers** with issues such as machine part that need to be replaced, delays in parts delivery, etc. (74% vs. 65%). Such proactive engagement is crucial as it helps minimize customer effort such that clients don't need to (repeatedly) contact the business to seek support, but rather the business contacts them with updates and resolution insights. This, in turn helps minimize ambiguity for B2B clientele as well as frustration but most importantly helps customers minimize the risk of potential asset downtime by planning ahead through the proactive updates shared by the service organization.

One of the most important hallmarks of modern service activities is precision service delivery. Specifically, this refers to knowing the profile of the customer, the context of current and previous interactions, current business conditions (e.g., staffing levels, weather events, traffic affecting technician arrival) and using all the relevant data points to **deliver a truly personalized <u>and</u> consistent experience** regardless of which channel the customer is using to engage the firm. Figure 1 shows that the Best-in-Class B2B service organizations are once again ahead of their counterparts in optimizing all elements CX where they are 17% more likely to tailor all relevant aspects of the customer journey (74% vs. 63%). Use of tools such as AI and automation are once again crucial in enabling firms to leverage CX and operational data in ways that enable adapting service activities based on changes in customer behavior and expectations as well as business conditions.

It's important to note that interaction management isn't the only area where service leaders can **apply tools such as machine learning, AI, automation, and analytics**. These tools are also invaluable in helping boost agent and technician productivity. To this point, Aberdeen's *CX Executive's Agenda* research shows that on average, employees spend 13% of their time looking for information they need to do their jobs. By connecting customer data to establish journey maps and using analytics to determine the context of each conversation, firms can empower both contact center agents and field technicians with tailored recommendations to excel in their jobs. For example, knowing the specific machinery type and model that a customer uses enables firms using IoT to automatically order a replacement part when the machinery needs fixing – proactively alerting the customer about the need for replacement and allowing to pick a day & time for a technician to come on site to replace the part. The technician will then be prompted of the specific part s/he needs to load into the truck prior to dispatch to the client.

Similarly, a customer may have used an intelligent virtual agent (IVA) to seek support for a service outage and then called in to speak with an agent. Mapping, designing, and automating proper workflows throughout the customer journey allows the contact center to determine the context of the conversation, and provide the agent with next-best-action-guidance on the agent desktop tailored to the specific customer issue. This, in turn, helps improve agent productivity as well as time to resolution while

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Top 5 Technologies Used by the Best-in-Class

Findings from Aberdeen's analysis shows that Best-in-Class B2B service leaders use a series of technologies far more widely than All Others. These technologies and their respective adoption rates are as follows:

-**Customer sentiment intelligence** *(tools that allow collection and analysis of customer sentiment across social media, contact center, etc.)*: Planned Adoption: 46%, Current Adoption: 49%

-**Artificial intelligence** *(technologies applications that provide natural language understanding (NLU) and automated reasoning and decisioning capabilities)*: Planned Adoption: 42%, Current Adoption: 42%

-**Machine learning** *(technology applications that learn by themselves by analyzing a pattern of historical and recent data)*: Planned Adoption: 41%, Current Adoption: 48%

- **Intelligent virtual agent** *(tools that allow customers to interact with a non-human being through voice or text)*: Planned Adoption: 40%, Current Adoption: 46%

-**Web reporting & analytics** *(tools that track, measure, and report web usage data)*: Planned Adoption: 38%, Current Adoption: 59%

minimizing customer effort. The Best-in-Class are 35% more likely to have real-time employee guidance in place (58% vs. 43%).

Key Takeaways

Service activities in B2B firms are more complex than ever before. Expectations consumers have from interactions with B2C firms have spilled over into what business buyers expect firms to deliver. Meanwhile, customer relationships for B2B firms are often much harder to navigate: there are multiple stakeholders relying on products / services versus individual consumers for B2C firms. Furthermore, B2B buyers spend more than B2C counterparts, and hence have elevated expectations regarding the timeliness, efficiency, and personalization – in other words the quality of the service they receive.

Aberdeen's research shows that service leaders in B2B firms have a clear understanding of changing customer expectations and have prioritized their goals accordingly. In fact, while cost reduction used to be cited as a top goal in the not-so-distant past, data shows that other goals such as elevating brand reputation and empowering employees have now taken precedent. However, that doesn't mean that the modern B2B service leaders are no longer paying attention to financial side of their activities. Data shows that improving customer profitability is a third top objective which signals that service leaders have moved past solely relying on cost reduction and have now focused on improving the quality of the overall relationship through their activities to boost client retention and spend while decreasing costs to maximize profitability.

Gone are the days where cost reduction was the ultimate end goal. Today's Best-in-Class B2B service leaders master customer loyalty to boost client spend-all the while reducing costs through greater efficiency.

Firms aiming to achieve these goals must master aligning service strategy & technology seamlessly. Findings in this report highlight the key building blocks Best-in-Class service organizations use to maximize CX results while improving the overall financial wellness of their business. This report also highlights the top technologies (e.g., AI, machine learning, IVA) companies prioritize adding into their technology toolbox.

Aberdeen highly recommends that you compare your performance to that of the Best-in-Class B2B service organizations as highlighted in this report. If you're falling behind, you should prioritize adding the business activities and technologies top performers use to align your performance with that of the Best-in-Class. If you're caught-up with the top performers in some or all the performance metrics, we highly recommend you observe which of the activities or technologies the top performers use that you don't currently use and make them a priority to add within your existing activities. This will help maintain your lead as a Best-in-Class service leader while keeping up with changes in customer expectations and business conditions.

About Aberdeen Strategy & Research

Aberdeen Strategy & Research, a division of Spiceworks Ziff Davis, with over three decades of experience in independent, credible market research, helps **illuminate** market realities and inform business strategies. Our fact-based, unbiased, and outcome-centric research approach provides insights on technology, customer management, and business operations, to **inspire** critical thinking and **ignite** data-driven business actions.

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