



The Retailer's Guide to Outsourcing Customer Care

Introduction

Retail success is driven by positive customer experiences (CX). Since these experiences encompass every touchpoint a customer has with a brand, retailers must consistently get every part of the customer journey right to gain and retain loyalty.

For the last decade, CX has differentiated brands more than price or product, and it will continue to do so as technology creates parity. All things being equal, brands are jockeying to deliver experiences that offer convenience, choice, and customization to win the wallets and hearts of customers.

The customer care (aka customer service) experience is core to CX and plays a critical role in customer retention.

Retailers face numerous pressures to modernize their technology, automate their operations, implement true omnichannel experiences, deliver exceptional customer care, hire and retain employees in a tough labor market, manage supply chain disruptions and rising transportation costs, and craft CX that sets them apart from competitors.

With so many key areas to manage and each needing to be executed correctly to meet customers' expectations, many retailers are struggling to embrace growth strategies while handling economic uncertainty and market disruptions. If the pandemic has taught retailers anything, it's that scalability is table stakes and that it's inherently challenging to predict when customer demand will suddenly rise or fall. A retailer's ability to respond and adapt to change is essential to business continuity, and customer care is critical to the entire process.



The question becomes: who can deliver the best customer care experience at the most affordable cost and with the most positive outcomes—the retail business or an experienced customer care outsourcing partner?

The answer? It depends.

Consider these facts:



Customer care drives brand selection **90% of Americans**

say customer care is a factor in deciding whether to do business with a company.



A positive customer care experience drives retention and recommendations

89% of consumers are more likely to make another purchase after a positive customer care experience, and 94% of consumers who give a company a “very good” CX rating are likely to recommend that company.



Great customer care creates goodwill toward the brand and poor experiences create churn

78% of consumers will continue to do business with a retailer after a mistake if the company's customer care is excellent, and 58% of American consumers will switch companies because of poor customer care.

In-House vs. Outsourcing Customer Care

Retailers have two choices: own, staff, and manage their own customer care center or outsource this function to a business process outsourcing (BPO) partner that specializes in customer care delivery.

In-House Customer Care

Owning and operating an in-house customer care center enables retailers to have complete control over every aspect of their customer care experience. It also requires them to have complete responsibility for the cost and investment required to operate a customer care center. This usually involves:

- Owning or leasing the physical customer care locations and infrastructure in regional or global locations
- Recruiting, hiring, training, and managing customer care agents on a continual basis
- Purchasing or licensing customer care software and equipment for onsite and remote agents
- IT investment in the technology stack, integrations, maintenance, and troubleshooting
- Regular investments in progressive customer care technology, trends, training, and scalability
- A business continuity plan and capacity for scaling during peaks and disruptions
- Deriving data analytics and benchmarks for continual improvement

Outsourced Customer Care

The biggest concerns retailers typically have when it comes to outsourcing customer care are whether the BPO can deliver high service levels, and if they will lose control of their brand if someone else represents them to customers. Another concern is the availability of analytics and insights from customer interactions, where a retailer may feel that they will not have access to the information needed to understand why customers are contacting them or what they can do to improve their operations. The answer to these legitimate concerns depends on the quality of the BPO partner (more about choosing a partner on page 6).

- Outsourcing customer care typically involves:
 - Hiring an expert customer care BPO who owns and operates physical locations and infrastructure around the globe
 - Collaborating with the BPO so they understand hiring profiles that align with your brand, and then trusting them to hire, train, and manage agents on your behalf
 - Being able to leverage advanced customer care technology and passing that benefit on to deliver world-class CX
 - Having access to customer and industry analytics to drive CX improvements
 - Business continuity assurance based on the BPO's proven track record
 - A lower total cost of ownership for customer care operations

Hybrid Customer Care

A third option is a hybrid customer care model where part of the business is outsourced to a BPO and some of it remains insourced with the retailer. For example, the retailer may want to outsource tier 1 level contacts (e.g., standard inquiries, order placement, etc.) but manage high escalations or high value customers with specific needs in-house.



When to Consider Outsourcing

Retailers often feel that there is a significant risk to outsourcing customer care; if they choose the wrong partner, that risk is real. Major retailers often develop and operate their own customer care function until they reach a tipping point, such as:

- Business growth scales faster than they can scale customer care operations
- Customer care costs are too high
- They struggle to hire and retain employees long enough to deliver great CX
- Turnover is negatively impacting CX
- Their digital transformation process is too slow or too costly to keep pace with customer expectations
- They want to cut costs and focus that budget on other areas of the business
- They cannot deliver customer care in the time zones and native languages they need to serve
- They are undergoing a merger or acquisition and need to deliver consistent customer care regardless of management or organizational changes
- They do not feel they can build and retain customer care expertise to the degree needed to deliver the CX they envision and that their customers expect

Any or all of these are common reasons why retailers turn to outsourcing customer care. When they do, they discover there are significant benefits.

7 Benefits of Outsourcing Retail Customer Care

The reasons retailers outsource customer care is often mirrored by the benefits they gain from doing so.

These include:

1

Improving the customer experience.

A common anxiety for chief customer experience officers is whether they can entrust their brand's CX to an outsourced partner. As noted, this concern is legitimate because there are BPOs that do not provide high-quality service. Leading BPOs do, and since they have made it their mission to be customer care experts, they bring a level of professionalism and knowledge to their retail clients that can streamline CX and take it to a whole new level.

2

Leveraging focused expertise.

In addition to delivering better CX, leading customer care BPO providers embody both extensive and targeted expertise that comes from specializing in customer care, and from the experience of working with numerous brands and geographies. The right BPO partner will know the customer care industry—and what defines great CX—inside and out. They can provide guidance that will improve CX across the entire retail business, not just in customer care.

3

Taking advantage of the latest technology.

Leading BPOs understand that modern, cloud-based, automated technology is key to delivering on customer expectations for an omnichannel experience. They actively invest in best-of-breed technology, easily integrate with other systems, and continually refine their technology stack to make sure agents can deliver great experiences.

4

Being scalable.

When peaks and valleys hit, it's difficult for retailers to scale hiring, training, and scheduling. The best BPOs have the staff and capacity to give retailers peace of mind regardless of whether they're adding or reducing agents as seasons and demands change.

5

Gaining deeper and broader insights.

A leading BPO will be invested in data and analytics. In addition to collecting and synthesizing customer data and feedback for individual clients, they have access to a broad array of customer care data in industries to provide clients with benchmarks and insights that can benefit the overall CX strategy.

6

Reducing costs.

The overall cost for hiring a BPO is less than what it costs to own and operate in-house customer care centers. A BPO can provide predictable costs to help better manage budget and improve forecasting.

7

Boosting sales.

Many customer care centers are tasked with serving as an arm of sales as agents are required to upsell, cross-sell, or provide recommendations for additional purchases and services during interactions. While most in-house agents need to be trained for this, a BPO partner can include this job requirement from the beginning—helping to boost sales right away.

How to Choose an Outsourced Customer Care Partner

The best way to ensure that a BPO will provide exceptional CX to customers is to undertake a thorough vetting process before engaging with them. Here are tips for choosing a trustworthy BPO partner:

- **Verify their reputation.** Ask to review case studies and review references. Are they serving clients in your industry? If so, how many? Authenticate their client list and check out customer care reviews from real customers.
- **Pay attention to how they relate to you.** Do they make you feel like a partner or a transaction? Do their sales and account management teams ask insightful questions to get to know your business or do they spend most of their time selling to you? How open are they to customization or finding joint solutions to fit your needs? Do they invest a significant amount of time without making you feel rushed to close the deal?
- **Understand the technology their agents will use.** Do they have easy integrations to your backend and customer-facing applications? What is their perspective on technology, and are they continually investing in leading customer care platforms and modernization?
- **Ask about their approach to AI and virtual agents.** What role will each play in optimizing CX?
- **Understand their hiring practices.** How will they hire agents for your account and how will they align their hiring to your brand?
- **Find out their average SLAs and metrics.** How do they use and share data, analytics, and reporting?
- **Ask about their scaling capacity.** How quickly can they scale up and down and what will it cost?
- **Ask about their business continuity plan.** Do they have a well-documented and comprehensive plan for redundancy and ensure operations can continue running smoothly in the event of a disaster?
- **Understand their continuous improvement processes.** What kind of insights and analytics will the BPO provide to improve CX and the overall performance of the business?



These are just some of the questions to discuss. Overall, you want to verify their reputation, actual service levels maintained, cultural fit, cost, and partner mentality.

Radial Customer Care

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About Radial

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