REDEFINING THE ROLE OF THE RETAIL CONTACT CENTER

How AI is allowing retailers to balance service and sales, and create a revenue-generating contact center

INSIDE

- The factors driving the transformation of the contact center in the wider organization
- Key skills your agents need to be effective service *and* sales reps
- Six "golden rules" to manage a successful shift from service to sales

Brought to you in association with

:talkdesk®

Foreword

A successful retail business requires every department and channel to contribute to overall profitability and revenue growth. Traditionally, operations including the contact center, order management and supply chain have focused on the strategy of efficiently resolving issues and processing orders that could impact customer satisfaction and loyalty.

However, the enterprise is evolving and increasingly, contact centers are transforming from a cost center to a profit center. Artificial intelligence (AI) is one of the key enablers for this significant shift, and is being used to empower agents with knowledge, supplement their skills and leveraging the value that lies in customer data to guide strategic decisions across the organization.

Talkdesk's 2022 Future of Retail research report found that growing revenue is the primary consideration for 58 percent of respondents in the retail industry at present. However, while growth remains a priority, the methods by which to achieve it are evolving. Organizations across industries are now focusing more on their investments in customer service to aid retention. While client acquisition remains important, loyalty has become the new North Star.

This report looks at how organizations are progressing their transformation strategy in 2024 and offers insights on harnessing the latest innovations to unleash profit

and redefine the role of the contact center. With input from CX practitioners at Majid Al Futtaim, Tuft & Needle, Verizon, Zumiez and Talkdesk, this report forms a comprehensive guide for those in the retail industry to seize new opportunities and establish the contact center as a revenue generating hub for customer communications.

Redefining the role of the retail contact center

Contents

:talkdesk® | CX NETWORK

Adapting to new technology & changing customer expectations

Over the last two decades, contact centers have evolved significantly, driven by the adoption of new communication channels, the pressures caused by global economic cycles and more recently the Covid-19 pandemic. As a result, retailers today face additional pressure on profit margins, inflation and high employee turnover, while grappling with an erosion of customer loyalty.

Michael Klein, head of retail product marketing for Talkdesk, observes: "Over the last couple of years, especially coming out of the Covid-19 pandemic, organizations have started to see the potential that lies in the contact center. Historically, they saw it more as a cost center, a buried line item in a financial report. But now there is a pivot to understanding it to be a growth channel."

Several compelling factors are driving and enabling the push for profit:

> Technological advancements:

The adoption of technologies like AI empowers contact centers to automate routine tasks, improve operational efficiency and create new revenue streams. This technological shift has the potential to significantly impact customer engagement strategies, enhance the overall customer experience and drive sales and profit.

> Data utilization:

Modern contact centers generate significant volumes of customer data that can be harnessed to inform strategic decisions across the enterprise. Contact center data is a key source of insights when building out the 360-degree view of the customer.

> Rising customer expectations:

Customers today demand seamless, personalized experiences across various channels. A profit-focused contact center can meet these expectations, thereby enhancing customer satisfaction and loyalty while contributing to the company's bottom line.

In addition to increased revenue, there are several advantages to successfully creating a sales-driven contact center. These include:

> Cost efficiency:

Sales-focused contact centers can offset operational expenses with revenue generated from sales activities, leading to greater cost efficiency than service-focused centers.

> Enhanced customer engagement:

Incorporating sales functions within the contact center allows businesses to improve customer interactions while driving revenue through cross-selling and upselling opportunities.

> Competitive advantage:

Transforming contact centers into revenue-generating hubs allows organizations to differentiate themselves by offering personalized sales and support services, helping to establish a competitive edge in the marketplace.

"Overall, the shift from service to sales in contact centers reflects a confident and strategic response to changing market dynamics and customer preferences."

Ema Poi
CX insights and planning for Verizon

:talkdesk® | CX NETWORK

Mazen Khalaf, regional customer care manager for UAE-based lifestyle group, Majid Al Futtaim highlights two factors driving the shift from service to sales: the need to better utilize resources and agents during demand fluctuations, and the need to proactively engage the customer, for example following up on abandoned carts.

He says: "We may know a customer has been shopping online for an item, but they abandoned their cart for a reason we do not understand; it could be related to payment, technical issues, or unanswered questions. We ask the agents to call these customers back as a proactive engagement, creating a sense of urgency, addressing the barriers they encountered and helping them to complete the purchase."

While the shift to sales is new to some industries, the broadband and mobile industry is adept at directing certain journeys to live or self-service. For example, many providers allow customers to view bills and account information on websites and apps, but upgrades and cancellations can only be handled in live service, giving agents a chance to upsell, or intervene on a cancellation.

Ema Poi, who specializes in CX insights and planning for Verizon, says: "Overall, the shift from service to sales reflects a confident and strategic response to changing market dynamics and customer preferences. This enables organizations to confidently drive revenue growth, build stronger customer relationships and maintain a competitive advantage in the marketplace."

Through intelligent analytics and predictive modeling, businesses can better identify upsell and cross-sell opportunities. This proactive approach not only increases sales but also deepens customer relationships and loyalty.

Taking proactive service to the next level

Seattle-based Zumiez launched more than 40 years ago as a single brick and mortar store selling skateboarding apparel and accessories.

Established by skaters who are passionate about the products, the brand is built on outstanding CX and when it started to roll out proactive service, it turned to Talkdesk for its open-cloud platform and endlessly adaptable architecture.

Since the implementation of a new platform, Zumiez can quickly scale up and down to meet seasonal demands and can add a new agent to its system in 15 seconds or less. **Service Level Agreement (SLAs)** improved 15 percent as a result of real-time dashboards that empower agents to make their own workflow decisions and ensure that customers' needs are met.

The next step is to integrate Talkdesk and Zendesk with the order management system to create a "triple threat" of customer service, customer context and concierge support. With Talkdesk as its partner, the Zumiez team continues to build its loyal following of customers by empowering agents to better serve them.

The next section of this report explains how to upskill agents for a new professional purpose and which tools are most effective to support their work. It also looks at how to nurture a productive sales culture and explains the ethical considerations that sales teams must be mindful of.

Skills and tools for maximizing contact center sales

As the role of the contact center shifts towards sales, it stands to reason that there will be an impact on the skills agents need, as well as implications for business culture due to the changing purpose of their work.

Khalaf says development and training – particularly through role play – are key to the rapport that drives sales. "The agent should have proper training to handle customers' concerns, know when to create a sense of urgency, and when to tailor an offer to the customer. Conversations for the outbound calls or for the sales calls need to be designed to ensure agents are gathering all the information they need from the customer, while addressing the customer's concerns and asking discovery questions to know all the requirements that the customer is looking for."

He adds: "Quality skills, including listening skills, are also very important. This involves discovery questions, skilled interruptions, finding the right time and words to create the sense of urgency and close the sale. The service agents and the sales agent have very different skills, so teach agents to build rapport with the customer."

According to Klein the change that needs to happen is "less about skills and more about education".

He explains: "The agents now need to have a real passion for the product. This requires asking how contact center agents are being educated on the product, which is not something that a lot of organizations have done historically, however, they will do this for store associates."

Klein believes there is a case for having the product in the contact center for training purposes, because once a love for the product is ignited within the agent it can easily translate into a selling opportunity. During the Covid-19 pandemic, luxury retailer Gucci introduced Gucci Live; a video shopping experience delivered from the brand's Gucci 9 global service center to facilitate customer engagement through a virtual shopping session. The program educated Gucci's client advisors on the brand's products, while Gucci was able to preserve customer engagement and ultimately, sales.

Aside from the product itself, there are various technological tools that can help agents shift from service into a position of selling. Klein uses the example of AI-powered chatbots, such as Talkdesk's Autopilot. He explains: "That allows those more mundane or very simple things like 'where's my order' to be handled through a self-service mechanism."

Another valuable tool comes in the form of agent assist technology, such as Talkdesk Copilot, which can drive next-best actions using Smart Scripts, says Klein. "All of that information that's happening about the customer and happening about the product can then be automatically, instantly put in front of the agent to not only provide better customer experience, but also have recommendations on what products the customer may like or may want to get with a return."

In addition to education and technical tools, Klein also advocates for investment in the strategic shift, with technology as the recommended target. "If you really want to get to that sales place, you really need to get to a much more interactive and anticipatory engagement with your customers," he explains. "When you place your contact center as a critical part of your overall CX journey, hopefully the investment will follow."

Creating a sales culture

Of course, contact center leadership has a key part to play in helping to make the transition to sales a smooth one. According to Klein, the paradigm shift must start with the C-suite.

"Before you have permission to 'sell' you need to be able to do the basics well," he insists. "How are you creating frictionless experiences for your agents? If the agents do not have what they need, they are not going to be able to pivot from just doing service activities and tasks to actually selling."

This means organizations must invest time and resources in training to give agents the tools they need to successfully engage customers.

Khalaf urges practitioners to consider the following four factors when looking to nurture a sales culture: agent recruitment, training, change management and incentives. "Before you start training, hire agents based on performance and the potential you can see in them," he says.

On the point of change management, Khalaf highlights that resistance is common when changing an agent's

role or responsibilities. "We are changing the comfort zone for the agents so change management is definitely required, along with the need to motivate the agents by demonstrating the value of working in sales."

Embedding ethics into the new sales machine

As much as customers want helpful and well-timed support and service, they also want the organizations they deal with to operate in an ethical and customer-centric manner, particularly when it comes to utilizing data. Often, this is at odds with hard sales and revenue targets, however balance is not impossible to strike.

As the former chief experience officer (CXO) for a US-wide healthcare provider, Nicole Cable is well versed in the ethical and responsible use of patient – and therefore customer – data in the contact center. Cable says that in addition to covering the basics of sales, training programs must also consider ethical selling and the importance of maintaining trust and empathy in all interactions.

This is paramount in healthcare, but less understood in retail. However, according to *CX Network*'s Global State of CX research in 2024, 65 percent of CX practitioners either agree or strongly agree that customers are

concerned about ethical AI use and the future development of AI for CX.

Recalling her C-suite experience, Cable says: "In healthcare it is crucial to deeply understand ethical considerations and compliance related to patient data and privacy. However, the shift to sales in any organization must be carefully navigated to uphold the highest standards."

"Introducing sales strategies can provide growth opportunities and enhanced engagement; however, these initiatives must be carefully managed to ensure they align with the fundamental mission of improving patient [or customer] outcomes and maintaining trust. As a CXO, guiding this transformation with a steadfast focus on ethical practices and customer-centric values is paramount."

The ethical considerations do not end there. Cable also says ensuring compliance with [relevant] regulations and ethical standards in all sales activities is non-negotiable. "Regular checks on compliance adherence are necessary to uphold the integrity of our contact center operations," she says.

The next section of this report explains how to measure the success of the contact center's new role and explores the key performance indicators that can support this work.

:talkdesk® | CX NETWORK

Measuring success in sales-driven contact centers

While contact centers are undergoing the transition, it is imperative that accurate measurements are taken to gauge progress and indicate any results from the strategies put in place.

Cable emphasizes that key performance indicators (KPIs) and metrics are instrumental for this. Revenue growth, for example, is an essential yet straightforward metric. She says: "By tracking changes in revenue that are directly linked to the contact center, we can assess the financial impact of integrating sales functions."

Maintaining customer satisfaction (CSAT) during the shift is essential and Klein points out that CSAT has a direct link with driving revenue. "If people are having a bad service experience, then the quality of what you have offered from a product perspective is overshadowed," he says.

Evaluating how employees adjust to the new sales-related demands is also important. Bear in mind that Average Handling Time (AHT) – traditionally a metric where lower is better – will likely increase when sales elements are added to calls. This means AHT is no longer a relevant metric for measuring contact center success.

According to Poi and Khalaf, some of the most useful KPIs to consider, include:

> **First Contact Resolution (FCR):**
AHT may be less relevant in sales calls, however, the percentage of inquiries resolved during the initial contact remains just as important. "While sales-focused interactions often take longer, it's vital to ensure that service levels are maintained," says Khalaf.

> **Average Revenue Per Interaction (ARPI):**
Alternatively, or some organizations measure average order value. A higher ARPI indicates that agents are successfully upselling or cross-selling products or services.

> **Lead conversion rate:**
This calculation is essential for a contact center leader to understand how many calls are being conducted and how many of these lead to a sale.

> **Sales revenue:**
Poi observes: "Tracking the total revenue generated from sales activities within the contact center provides a precise measure of the impact of sales efforts on overall business performance."

> **Sales cycle length:**
The average time it takes for a customer to move from initial contact to making a purchase. "A shorter sales cycle indicates greater efficiency and effectiveness in converting leads into sales," Poi advises.

Putting theory into practice

When digital native mattress brand Tuft & Needle shifted the focus of its contact center, service level was a core KPI. The brand's now former head of CX, Aaron Bata, started by looking at three qualitative KPIs: teamwork, problem-solving and customer communication or empathy. Once these were satisfied, Aaron focused on the granular metrics that drive these three pillars. These metrics include the ratio of after call work to total number of calls, number of calls per hour, average speed to answer and number of calls scheduled per hour.

"We're able to measure all of this through Talkdesk, which makes it incredibly easy to view and action on this data," Bata said. "It lets us know how and where we can improve, both on a team and individual basis." When Bata joined the brand, its service levels – which allowed Bata to measure how efficiently calls are handled – were under 90 percent. With a goal of 95 percent of calls answered within 20 seconds, Bata optimized his agents' schedules and achieved a service level of 96 percent.

:talkdesk® | CX NETWORK

Top tips for leading the sales shift

Overall, Poi emphasizes the importance of balancing the drive for sales revenue with maintaining high customer satisfaction and service quality. She says: "By monitoring these KPIs, practitioners and contact center leaders can gain insights into the shift's success from service to sales and identify areas for improvement. Balancing driving sales revenue and maintaining high customer satisfaction and service quality is essential to achieve the desired outcome." She adds: "Ultimately, this approach fosters stronger relationships and long-term customer loyalty, significantly contributing to the company's overall success and competitive advantage."

UK-based retail consultant Peter Cross says: "Try to frame selling around delighting, helping and reassuring the customer. Give your team a toolkit of options and upgrades and try to make sure the most basic upgrade comes at no extra cost."

Over the course of his career Cross has worked for high-street giant John Lewis and partnered with broadcaster and retail consultant Mary Portas OBE, who was appointed by former British Prime Minister David Cameron, to lead a review into the future of the British high street.

Drawing on his experience, Cross says there are six golden rules to a successful shift from service to sales:

1 Make it painless:

Cross says most customers would prefer not to be talking to an agent at all. "Put simply, they probably want to get the whole thing over with as quickly as possible. Therefore, if you want to take advantage of the contact center to sell, cross sell or upsell, make it painless," he says.

2 Build trust:

As highlighted in this report, customer trust is harder to win and easier to erode than ever before. "Nobody likes a pushy salesperson but most of us are up for a deal if we can get one, particularly in the current climate. Key then, is a softly-softly approach built on trust," Cross says. First impressions also count: if a customer has had to wait, apologize; if the call cuts out, call them back.

3 Listen:

A recurring theme throughout this report, Cross says listening provides invaluable insights for future interactions. "Make it feel as authentic and human as you possibly can," he says.
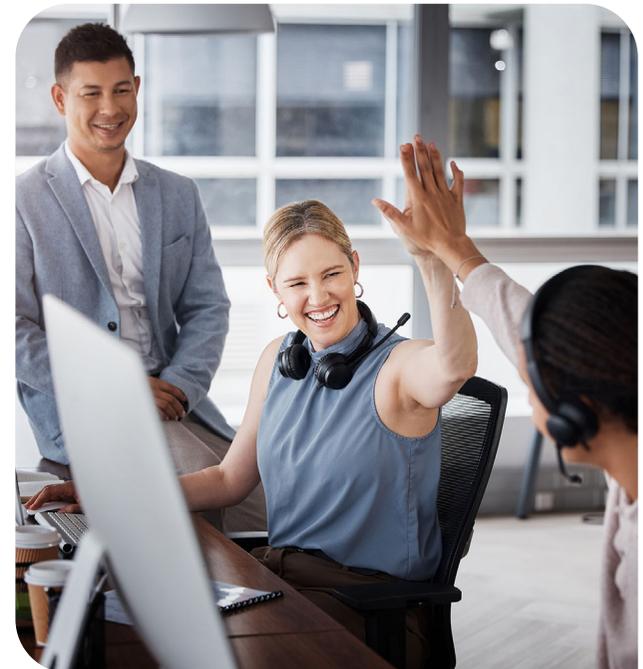
4 Not everyone can sell:

More a fact than a tip, Cross says: "Be careful not to move everyone into selling of they are uncomfortable with it. Some will thrive but not all."

5 Use customer data:

Pair this with call analytics to ensure the sale feels more personalized.

6 Be knowledgeable:

One thing a customer rarely tires of is agent expertise and expert knowledge. "Customers will know in an instant if they trust the team member to expertly guide them to a satisfactory resolution or appropriate product option. Make sure everyone who is selling really knows their stuff," Cross says.

:talkdesk® | CX NETWORK

Conclusion
Smoothing the transition from cost center to profit hub

Running a contact center comes at a price. Gartner found that live support channels cost companies an average of US$8.01 per contact, while self-service channels such as company-run websites and mobile apps cost about US$0.10 per contact.

However, the evolution of the contact center into a sales driver through AI marks a pivotal shift in modern business strategy. By leveraging advanced technologies and harnessing valuable customer data, organizations can transform their contact centers from cost generators to profit hubs, driving significant revenue growth and enhancing customer satisfaction.

The transition requires a shift in agent skills and organizational culture, supported by comprehensive training, strategic leadership from the C-suite and new technology, such as AI-powered chatbots and agent assist tools. Effective measurement of key performance indicators ensures the success of sales initiatives while also maintaining customer satisfaction levels. However, the ethical concerns customers have around AI must be listened to and understood.

Ultimately, through the use of AI and balancing the drive for sales revenue with a commitment to high-quality service and ethical sales practices, businesses can foster stronger relationships, build long-term customer loyalty and gain a competitive advantage in the marketplace.

"Before you have permission to 'sell' you need to be able to do the basics well."

Michael Klein
Head of retail product marketing for Talkdesk

:talkdesk® | CX NETWORK

talkdesk®

TALKDESK RETAIL EXPERIENCE CLOUD™

The AI-powered CX platform purpose-built for retail.

LEARN MORE

CX Network Calendar 2024

JAN

ALL ACCESS
Predictive CX
MARKET REPORTS
Future CX 2024

FEB

ALL ACCESS
Voice of the Customer
MARKET REPORTS
AI in CX (Global)
AI in CX (APAC)

MAR

ALL ACCESS
AI in CX APAC
MARKET REPORTS
Predictive CX in 2024

APR

ALL ACCESS
AI in CX
MARKET REPORTS
Customer loyalty in 2024

MAY

MARKET REPORTS
Global State of CX 2024 (Global)
Global State of CX 2024 (APAC)

JUN

ALL ACCESS
CX Week ANZ
Customer Loyalty
MARKET REPORTS
CX in retail

JUL

ALL ACCESS
Future Contact Centers
MARKET REPORTS
CCW ANZ 2024

AUG

ALL ACCESS
CX Financial Services
MARKET REPORTS
CIDA

SEP

ALL ACCESS
Customer Insights & Data Analytics
ExperienceX
MARKET REPORTS
Journey mapping and orchestration

OCT

ALL ACCESS
Customer Data Analytics APAC
AI+Data in CX
MARKET REPORTS
Digital CX / Financial Services

NOV

ALL ACCESS
Future Contact Center Trends & Technology APAC
Digital CX
MARKET REPORTS
Omnichannel / CX automation and AI

DEC

ALL ACCESS
Future of CX
MARKET REPORTS
Designing intuitive and inclusive user experiences

For further information on CX Network's 2024 calendar, contact John Kearns **John@CXNetwork.com**

:talkdesk | **CX** NETWORK