

# MOBILE AS THE NEW ENGAGEMENT CHANNEL

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## Abstract

Mobile devices are becoming the largest engagement channel for customers, and most businesses are woefully underprepared. With unprecedented growth in mobile device adoption, customers expect to reach an organization anytime and from anywhere. The new mobile self-service channel offers organizations an unprecedented opportunity to provide an improved self-service experience, reduce inbound call volume, and capture one of the largest growing demographics: **Mobile Customers**

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## Why Mobile?

Every once in a while, a technology evolution occurs that is disruptive. It fundamentally changes the way business is conducted and how consumers interact, while spawning an entire new ecosystem. One such technology is the rise of the smartphone and mobile devices.

Only a few years ago, we were struggling with rudimentary text entry on our phones (T9 for those that remember) and happy to see “advanced” applications, such as a calculator application. Fast-forward to today where our mobile phone or tablet is our “go-to” device for everything from making calls and surfing the web to emailing. In fact, for the first time, mobile app usage (measured in minutes) has exceeded that of traditional web browsing<sup>1</sup>.

This mobile revolution has made the world a “connected” place. Social networks now connect your customers to each other. Mobile applications connect them to an enhanced user experience. It is a connected world; which makes one wonder why the customer service experience remains so *disconnected*?

*Not only is the customer service experience disconnected, it has not embraced Mobile. One in every four of your customers owns a smartphone today. Adoption in the mobile device space means that in a year or two it is likely three out of four of your customers will use a smartphone. Moreover, it is expected that by 2015 the majority of customer interactions will originate from a smartphone. Will you be ready for them?*

Servicing a customer in the connected on-demand world means providing service when they want it and how they want it. If your customer service channels still operate in silos, your organization has not adapted to the connected world. Today’s customer wants to start a conversation in one channel, and if necessary, complete it in another channel - seamlessly and with mobility.

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<sup>1</sup> <http://blog.flurry.com/bid/80241/Mobile-App-Usage-Further-Dominates-Web-Spurred-by-Facebook> and see discussion supra



## Growth in Smartphones and Mobile Devices

There can be no doubt that smartphone and mobile device adoption is increasing at an exponential rate. As price points on hardware and data plans continue to drop, in part due to commoditization of parts and increased competition, it is only a matter of time before all mobile phones will inherently have “smartphone” capabilities.

As of December 2010, nearly one third (31%) of all mobile consumers in the United States owned smartphones; cell phones with app-based and web-enabled operating systems<sup>2</sup>. The Pew Internet project estimates 35%, just over one third<sup>3</sup>.

Globally, the numbers are similar, with an estimated 30% smartphone adoption, with some demographics as high as 50%<sup>4</sup>.

Similarly, tablets are being increasingly adopted. Tablet adoption is expected to be as high, if not higher, with estimates expecting 40% growth of adoption by 2016<sup>5</sup>. Forrester predicts that by 2016, 126 million tablets and 257 million smartphones<sup>6</sup> will be in use with US consumers.

In sum, by 2016 the installed base of mobile PCs and smartphones will exceed that of desktop PCs<sup>7</sup>.

With the rapid increase in mobile device adoption, we expect customers to increasingly turn to their devices to resolve customer service issues.

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<sup>2</sup> <http://blog.nielsen.com/nielsenwire/?p=25901>

<sup>3</sup> <http://pewinternet.org/Reports/2011/Smartphones.aspx>

<sup>4</sup> <http://www.wired.com/gadgetlab/2011/11/smartphones-feature-phones/>

<sup>5</sup> <http://www.zdnet.com/blog/btl/tablet-adoption-to-grow-by-40-percent-by-2016-report-says/74131>

<sup>6</sup> Forrester Research Consumer PC and Table Forecast, 2011 to 2016

<sup>7</sup> Gartner: Peter Sondergaard, senior vice president at Gartner and global head of research



## Mobile Usage Trends

Smartphone growth and adoption only paints part of the picture. Application usage is increasing rapidly.

There is little doubt that growing numbers of today's mobile users are "there's an app for that" customers. In fact, Smartphone app downloaders have an average of 33 apps on their devices; up 22% since 2010 (see reference 3 supra).

Mobile device and mobile application usage is on the rise across the board. PayPal CEO John Donahoe announced that they are projecting that PayPal will see \$7 billion in mobile payment volume in 2012<sup>8</sup>.

One in every eight mobile users worldwide will either have a ticket delivered to their mobile phone or buy a ticket with their phone by 2015 which equates to over 750 million users according to the latest analysis from Juniper Research<sup>9</sup>.

Growth of app usage is across the board. The global customer base for mobile banking is projected to reach 1.1 billion by the year 2015<sup>10</sup>.

According to Flurry, a mobile application analytics firm, roughly 40 billion applications have already been downloaded from the App Store and Android Market. More than ever, consumers are splitting their time accessing services on the Internet from PCs versus doing so on mobile devices through apps.

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<sup>8</sup> <https://www.thepaypalblog.com/2012/01/paypal-doubles-mobile-predictions-for-2012-to-7-billion/>

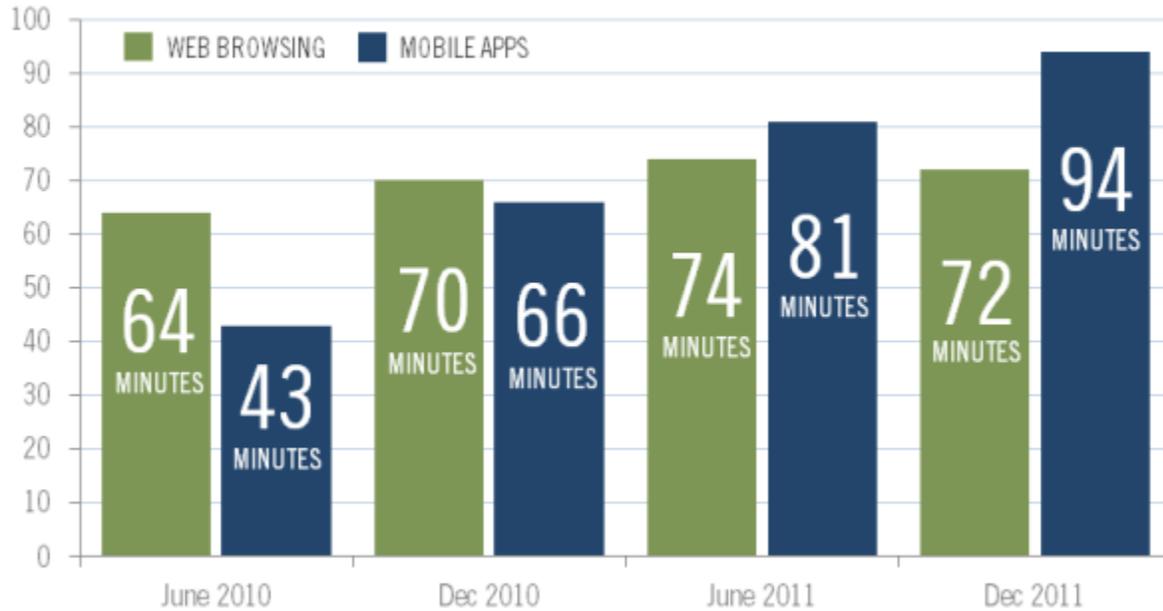
<sup>9</sup> <http://www.juniperresearch.com/viewpressrelease.php?pr=234>

<sup>10</sup> <http://www.prweb.com/releases/2010/02/prweb3553494.htm>



In 2011, Flurry published a report detailing how the average smartphone user, for the first time ever, began spending more time in their mobile applications than they do browsing the web. Updating the analysis, Flurry finds the usage gap continues to widen<sup>11</sup>.

## U.S. Mobile Apps vs. Web Consumption, Minutes per Day



Sources: comScore, Alexa, Flurry Analytics

*“Since conducting our first analysis in June 2011, time spent in mobile applications has grown. Smartphone and tablet users now spend over an hour and half of their day using applications. Meanwhile, average time spent on the web has shrunk, from 74 minutes to 72 minutes. Users seem to be substituting websites for applications, which may be more convenient to access throughout the day.*

*Our analysis shows that people are now spending less time on the traditional web than they did during the summer 2011. This drop appears to be driven largely by a decrease in time spent on Facebook from the traditional web. In June 2011, the average*

<sup>11</sup> <http://blog.flurry.com/bid/80241/Mobile-App-Usage-Further-Dominates-Web-Spurred-by-Facebook>

*Facebook user spent over 33 minutes on average per day on the website. Now, that number is below 24 minutes. Time spent on the web without Facebook has grown at a modest rate of 2% between June 2011 and December 2011.*

*The analysis also shows that people are spending ever more time in applications. In fact, time spent in apps and the web, combined, has grown as users lead a more connected life. This growth though has been driven entirely by applications.*

*The growth in time spent in mobile applications is slowing – from above 23% between December 2010 and June 2011 this year to a little over 15% from June 2011 to December 2011. The growth is predominately being driven by an increase in the number of sessions, as opposed to longer session lengths. Consumers are using their apps more frequently.”*

Source: <http://blog.flurry.com/bid/80241/Mobile-App-Usage-Further-Dominates-Web-Spurred-by-Facebook>

## **Mobile App Development Trends**

This exponential growth in app usage is supported by the underlying application development industry. Mobile app development is a rapidly growing market segment. By 2015, mobile application development projects targeting smartphones and tablets will outnumber PC projects by 4 to 1 (ref footnote 1 supra). Research2guidance<sup>12</sup>, a mobile market research company, said the global market for application development services including application creation management, distribution and extension services will grow by 158% to US\$100 billion by 2015 from \$10.2 billion in 2010.

The market for app development services, including application creation, management, distribution, and extension services will grow in value to US\$100 billion in 2015. In only a year and a half after the launch of the Apple App Store the application developer market overtook the app download market in revenue size<sup>13</sup>.

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<sup>12</sup> <http://www.research2guidance.com/>

<sup>13</sup> <http://www.research2guidance.com/the-market-for-mobile-app-development-services-reached-us-20.5-billion-in-2011/>



## **Cloud Based Content and Personal Data**

It would be remiss to discuss Mobile without discussing the current state of the Cloud environment. And while our discussion is centered on the Mobile customer and self-service, there is little doubt that the world is “going to the cloud”. This massive shift necessitates at least a cursory discussion of Cloud trends and how they enable the mobile lifestyle.

With the advent of the Cloud, consumption of data and media is performed from any device, anywhere. There is no longer an implicit barrier between your devices. Instead, all the content purchased at home, is also available on your mobile device. This ubiquitous content is powering the mobile revolution, enabling users to pick up their device and go.

## **Growth in Self-Service and Social Media**

Up to now, we have discussed the significant growth in Mobile usage. We shift now to look at the growth in self-service interactions, and will then show the natural convergence, or nexus, of mobile and self-service.

Self-service is continuing to mature. Not only do many customers prefer this channel, it offers significant cost savings over the more traditional service channels.

## **Cost of a Voice Call**

An average 3-4 minute call (when adding in labor costs, indirect labor and occupancy, benefits, and telecommunications) has a fully loaded cost range between \$2.70 to \$5.60 per call<sup>14</sup>. For complex trouble shooting, this can easily be an 8-12 minute conversation, costing in excess of \$15 per call!

The constant pressure to reduce operating expense warrants continued investment in other, more cost effective channels. This drives the investment in self-service channels and the efforts of companies to push customers to these channels.

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<sup>14</sup> <http://www.fcbco.com/articles-whitepapers/managing-cost-per-call.asp>



## Self-Service Continues to Mature

Self-service technology offers a broad set of benefits to consumers and businesses. Self-service technology as a whole is still relatively new, with little mobile adoption thus far. We have seen remarkable maturity in the traditional web self-service channel; with more sophisticated integration into knowledge bases, automatically suggested answers, virtual agents, integrated chat, and more.

The advent of social media has also contributed to the rapid change in the self-service landscape. Customers are expecting to engage with organizations in new ways that extend beyond the traditional web self-service channel. More and more, customers are engaging with social networks to resolve issues. The most immediate example is that of a customer service forum where customers can ask questions, and most importantly, *answer* questions posted by other customers. In effect *customers are serving customers*. This is so powerful that many company moderated forums have specific employee guidelines to not answer questions too quickly, to allow other customers the opportunity to answer first! And this new form of customer service is a world-wide phenomenon. Ovum provides this interesting statistic from China:

*The use of social media for customer service by Chinese consumers has almost doubled in the last two years, as more and more turn to it as a viable alternative to the phone, research from Ovum has revealed. According to a survey\* by the independent telecoms analyst, 30 per cent of Chinese consumers get in touch with customer service via social media to find an answer to their queries, up from just 17 per cent two years ago.*

*In addition, the number of Chinese consumers seeking advice from customer service representatives via web chat and web self-service channels has increased significantly. Two years ago less than 20 per cent of consumers used web chat or web self-service to find information, whereas today more than 60 per cent are using these channels. In fact, web chat and web self-service are the second most widely used channels today among Chinese consumers, with the most popular option being a direct call with a customer service representative.*



## Is Self-Service Sacrificing the Consistent Customer Service Experience?

The origins of self-service were noble, allowing the customer to engage on the web to perform cursory account or service management functions on their own. Yet, the intent of self-service was perhaps a little more self-serving: Try to stop customers from calling in an effort to drive down our cost.

Early self-service initiatives were also quite limited, offering only the most trivial of functionality. As with any technology, self-service has evolved and become more sophisticated. Even to the point of offering a wider range of services than what are available when talking to the contact center. Today's self-service initiatives range from the IVR, to the Web, and even into newer channels such as mobile applications, with an ever increasing reach.

Yet, for all the improvements, self-service has become a siloed channel, often managed by a group outside of the contact center altogether. As a result, self-service is implemented largely in a "take it or leave it" manner where the customer experience breaks down the moment the issue becomes challenging. That is, self-service is wonderful while it works, but rapidly breaks when the service issue becomes more complicated and agent assistance is needed.

The new generation of customers is more demanding. They want to interact when they want to, how they want to, and where they want to. They want a consistent and continuous conversation across channels. The customer is all about "me," and they demand a new level of personalized self-service.

Surprisingly, the self-service channel is most often run separately and distinctly from the customer care organization. While this may seem completely counterintuitive, it is a reality prevalent in corporations today, with the customer experience suffering as a result. And when those two groups are not in sync with each other, the customer interaction is not able to naturally span from self-service to customer care.



Today's customer demands a fluid customer experience across all channels. This means consistent treatment across channels, transfer of knowledge across channels, and the ability to start in one channel and finish in another.

## The Myth of the Customer Service Department

Ironically, with companies having a myriad of ways to support their customers, there is typically no single "customer service" department. Instead, there are a fragmented, disparate, and siloed group of departments that collectively, and loosely, are labeled "Customer Service."

The contact center is one department, managing the traditional contact channels, and the newer email and chat channels.

Contact Method	Department Responsible
Voice	Contact Center
Fax	Contact Center
Chat	Contact Center / Self Service / Support
Social Media	New Organization or Marketing
Web Self-Service	Self-Service
Mobile	IT Department

Table 1 - Contact methods

As demonstrated in the table above, a number of different departments are responsible for handling the incoming customer service requests. Due to this fragmentation, it becomes very difficult to present a unified front to the customer and to provide them a consistent experience.



Few things are more damaging to the perception of an organization's customer service than when the customer is given different information across the channels. If your organization is unable to provide consistent answers, what confidence do you inspire in your customer? Even worse, there is no continuity between the channels. A conversation started in one channel is rarely able to be transferred to another channel in a seamless manner.

In fact, this siloed mentality is what causes the user experience to rapidly break down when the issue becomes complicated and needs agent interaction. Think for a minute when the web self-service transaction reaches a blocking point – how is your customer able to seamlessly reach an agent without repeating everything that has already been done on the self-service channel. Is the agent to see exactly what steps have been performed up to this point? If the answer is no, you are degrading the customer experience.

## **The Service Context**

It is unlikely, indeed- unrealistic, to expect your company to be able to merge all those siloed departments into one customer care group quickly. What can be done however, is to provide a proxy to these silos and give your customer the appearance of a unified customer care organization. In essence, you can bridge the disparate groups.

This is accomplished through establishing a Service Context. A Service Context exists to ensure that a bridge between two channels exists, ensuring a seamless transition from one channel to another.



In the context of the self-service channel, this means that a customer can engage in a self-service transaction, and should they need assistance, can immediately engage with a call center agent. The call center agent will immediately understand all the steps performed by the customer, have a view to all the data entered by the customer, and have the agent desktop applications navigated and pre-populated with the customer data. Thus, a Service Context provides the continuity of service, the continuity of data, and continuity of the transaction.

By providing this continuity of service across channels, we are able to offer a more powerful service experience on mobile devices. Instead of an isolated experience on the device, the self-service session can span from device to call center seamlessly.

## Self-Service Becomes Mobile

It is apparent that mobile devices will become the *largest engagement channel* for consumers, and we believe businesses will be woefully underprepared. According to Ovum, “Growing usage of ...digital channels is enabling new levels of inbound access to the enterprise and public sector. It is also creating a preference, contextual, and behavioral data dividend that the enterprise and public sector can use to deliver highly personalized services through these new communication channels”<sup>15</sup>. Forrester extends this theme with their report “Mobile is the new face of engagement” saying that “mobile is the manifestation of a much broader shift to new systems of engagement. These systems of engagement help firms empower their customers...”<sup>16</sup>

It is therefore clear that mobile is to be considered the primary customer engagement channel moving forward. What is less clear are the specific options available today for embracing mobile as a channel.

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<sup>15</sup> <http://ovum.com/section/consumer-impact/>

<sup>16</sup> <http://www.forrester.com/Mobile+Is+The+New+Face+Of+Engagement/fulltext/-/E-RES60544?docid=60544>



Traditional self-service web channels seemingly deliver a satisfactory user experience. However, this user experience breaks down when the transaction becomes complicated and requires human interaction.

Because these channels currently continue to operate in silos, there is no continuity in transitioning from the web self-service channel to the contact center. The result is increased frustration as the customer, in effect, starts the transaction from the beginning with a contact center agent, repeating all the information already entered.

In other words, it is a big mistake to assume that your current self-service website is suitable for the mobile channel. Customers will very quickly be turned off by the inadequate rendering of the web page to the mobile form factor, the lack of utilization of device capabilities, and the continuation of siloed services that only do a few things well, leaving them to start over in another communication channel.

Companies need to rethink what it means to offer self-service on the mobile channel. Customers want to have compelling user experiences that are differentiated from those on a regular website that utilize the added value of their mobility and mobile device. Specifically, you need to harness the capabilities of the device and the context of the consumer to make a more engaging experience.

By properly adopting mobile as the new engagement channel, the opportunity exists to break down those silos and provide a seamless connection between your self-service organization and your customer care organization.



## Mobile Self-Service in Action

With mobile, customers can engage in a self-service session through an “app” that visually maps out the steps of your customer service process, starting with your IVR. It allows customers to visually guide themselves through the self-serve interaction and interact directly with the system to solve their problem, without the annoyance and limitations of audio/voice IVR systems.

Ultimately, customers are able to visually guide themselves through the self-service interaction, with full support for data entry and sophisticated self-service capabilities, including being able to proactively mine knowledge base’s for information and retrieve/update customer information from underlying Line of Business applications.

In short, mobile users now have access to everything they need without connecting to an agent.



For calls that do require agent assistance, however, the goal is to provide a seamless transition to the voice channel from the self-service channel. Creating this seamless transition requires connecting the mobile session with the agent session. This begins by giving customers information about current hold times and offering the option of scheduling a call-back.



Once the call is connected to the agent, all of the steps traversed by the customer, as well as any data entered, are visible to the agent. By doing so, customers will not have to repeat information. Even better, the underlying systems can be pre-populated (or data can be retrieved) with the customer information, adding a further benefit of reduced handle times.



Of course, these self-service sessions extend far beyond the capabilities of a traditional IVR or web self-service interaction. Mobile can leverage the inherent capabilities of the device, thereby dramatically improving the customer experience across a number of industries. For example:

1. If a customer is struggling with internet connectivity issues on a home network, he can be prompted to take a photo of the cable modem. When the call is connected to an agent, the agent is able to see the cable modem being used (and retrieve the diagnostic instructions for that modem type), as well as see which lights are on or off to better assist in troubleshooting. Likewise, the phone can report current GPS locations, and if there are known outages in the area, the customer's self-service session will be modified to alert them that their outage is endemic to their locale, not specific to the customer.



2. Similarly, insurance companies are leveraging these capabilities by allowing a customer to report an accident from the mobile phone and request that the customer take photos of the accident scene.
3. Banks too have leveraged device capabilities successfully, allowing remote check deposit through image capture.

When seeking an opportunity to break down customer care silos and provide a seamless connection between your self-service and customer care departments, organizations see a number of benefits in mobile self-service, including:

- Providing sophisticated self-service capabilities directly from your mobile application
- Lowering inbound call volume
- Starting the conversation in context, shortening call initiation
- Leveraging device capabilities for an enriched service experience
- Enabling faster resolution through optional agent desktop automation
- Providing the customer the ability to schedule call backs at their convenience
- Not having to repeat information & actions leads to increased customer satisfaction

## **Challenges with Mobile Self-Service Adoption**

While there is little doubt that organizations will need to offer a mobile service strategy, it would be prudent to at least discuss the type of issues that need to be considered when embarking on a mobile strategy. The areas identified below are primarily more of a concern to organizations embarking on a “build” cycle. Those seeking a solution from a vendor need not be as concerned, but can use this list as a set of talking points to evaluate a potential vendor’s solution.



## Technology Choice: HTML5, Native or Hybrid

Mobile applications can be built and deployed utilizing a wide array of technologies. The decision as to which technology to embrace can be challenging. Each platform choice has its associated advantages and disadvantages.

Generally, Native apps are far more responsive. Clearly this is a broad statement when there are so many dependencies at play, but for the most part, users will experience less latency when using native applications.

HTML5 is of course a promising technology. However, support for native device functionality remains limited (more so on iOS than Android), and pure HTML5 applications tend to be slower than Native applications. HTML5 is also limited when it comes to supporting push notifications to the device. You may find therefore that depending on your needs, HTML5 may not be suitable.

Hybrid applications attempt find the middle ground by wrapping html5 with a native application container. There are vendors who automatically repackage your HTML5 site as a native phone application.

Given the more responsive interface with full access to device capabilities, Native applications are likely a better option to pursue for full feature rich applications.

## App Dev Tools

Mobile application development is still in its infancy, especially when compared to the more mature development environments available for traditional Windows or Web development. Unfortunately, the development environments for Mobile are not as sophisticated as they need to be. And with the hard to come by skills, this can make Mobile development expensive.



Compounding the situation is the fragmented market place: Mobile solutions need to run on the major platforms: iOS, Android, Windows and, possibly, Blackberry. Each of these platforms is completely different and have vastly different architectures and development languages. The net of this being that each platform will require the application to be completely rewritten...resulting in 3x or 4x development, support, and maintenance cost. This is one reason HTML5 applications may be preferred if developing your own mobile applications in-house.

Newer app dev platforms are on the market that offer cross-platform development and these should be considered for your mobile development strategy. However, the mobile application development landscape is still in a nascent stage in terms of offering Rapid Application Development (RAD) environments.

An additional challenge faced by app developers is the app store approval process. For the first time in software deployment, app developers are no longer fully in control of their release schedule.

## Application Publishing

Mobile applications that are deployed using native app technology (see discussion above), need to be cognizant of the delays that are inherent in publish applications to the “app store”.

Because of the tight control around iOS application publishing, it can take weeks for a change to be made available to your customers. While this is rarely a problem for the initial production launch, it can be devastating when addressing “bugs” and needing to wait for any extended period of time to make the patch available to your customers. Estimates for “average” app store approval is around 7 days with the median maximum delay being 60 days<sup>17</sup>.

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<sup>17</sup> <http://148apps.biz/app-store-metrics/?mpage=approval>



## Conclusion - What You Must Do Now

1. Accept that mobile is the new engagement channel. Adopt a mobile self-service strategy now, or risk losing a new generation of customers.
2. Have a Mobile Strategy, not a short term tactical solution. Expecting your current web self-service site to be your mobile channel is short-sighted and fraught with customer frustration.
3. Decide who “owns” Mobile Strategy. Without a clear owning organizational unit, the risk of a fragmented customer experience increases.
4. Make a ‘Build versus Buy’ decision. Understand the costs involved for building, especially when factoring in the multitude of platforms to support.
5. Ensure that operationally you deploy an agile solution that allows you to leverage mobility as a strategic advantage rather than another silo that slows down your response to changing market conditions.

**[CLICK HERE](#) for more information on how Jacada  
can help enable you to rapidly expand your  
customer service reach to mobile applications**



# About Us

Jacada Inc. is a leading provider of agent desktop and process optimization software solutions for the customer service and support market.

Our products and services are focused on two of the most important issues facing companies in today's uncertain marketplace – customer retention and cost reduction.

Jacada projects often deploy in less than six months, and our customers can realize a complete return on investment within 12 months of deployment.



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