



The Impact of Economic Uncertainty on Contact Centers

2023 Benchmark Report

Introduction

The economy is giving off mixed signals. Inflation cools for one month, then heats back up. Month-to-month job reports swing between encouraging and concerning. The market tends to react negatively to the kind of economic uncertainty that is characterizing 2023 so far. How are contact centers dealing with the current and planning for future economic uncertainties?

Replicant and Demand Metric partnered to explore how contact centers are planning for and responding to the year's economic challenges. The study reveals that contact centers are leaning on technology as a hedge against the uncertainty. They are making staffing changes and budgeting in ways that prioritize automating customer service and improving center efficiency.

The following report summarizes the results of this year's survey and shares insights from over 150 contact center primary decision makers or those highly involved in contact center strategy. By reading this report, you'll gain a deeper understanding of how contact centers are preparing for the unknown and remaining surprisingly optimistic in the face of uncertainty.

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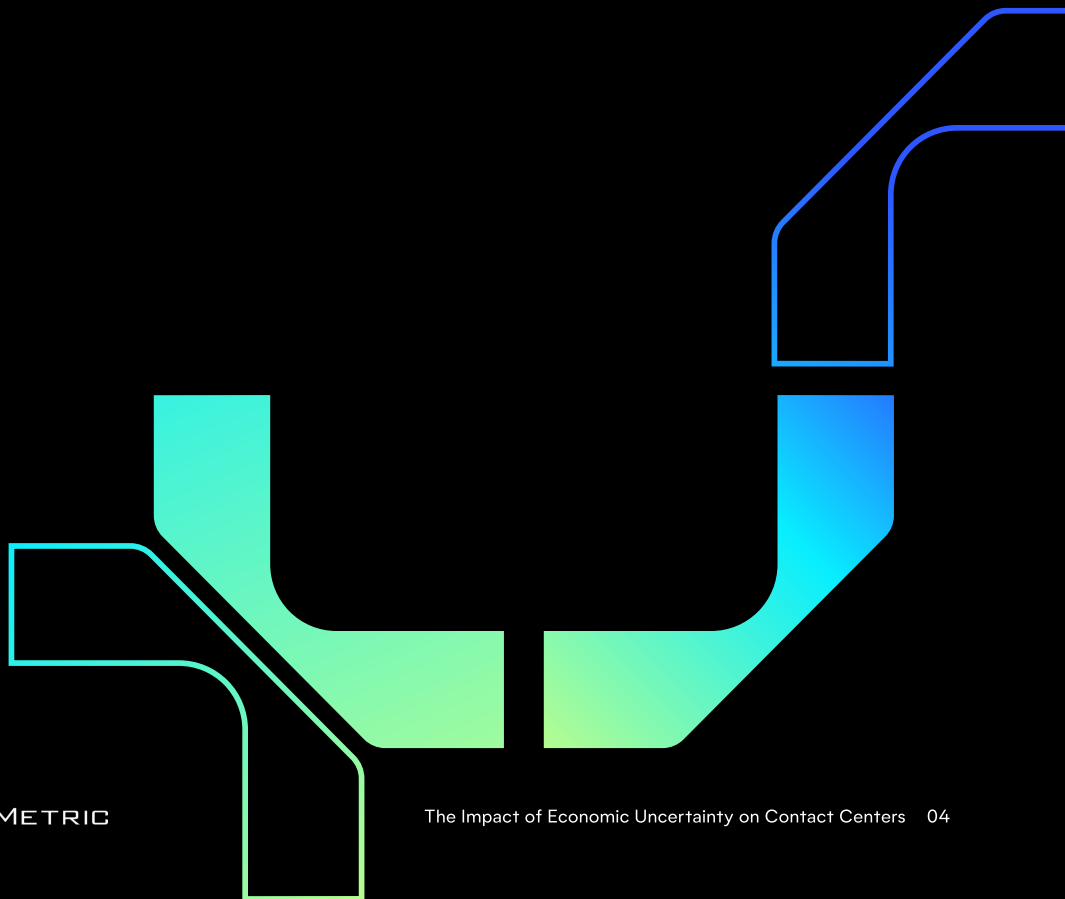
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Key Findings

Key Finding #1

Technology investments are the leading hedge against economic uncertainty.

Over half (61%) of primary decision makers or those highly involved in contact center strategy and planning are investing in technology to prepare for the possibility of an economic downturn.





Key Finding #2

Half of contact centers in the study will increase staffing levels in 2023.

Despite uncertainty about the economy, half of contact centers expect to increase staffing levels in 2023, and another 23% expect levels to remain the same.

Key Finding #3

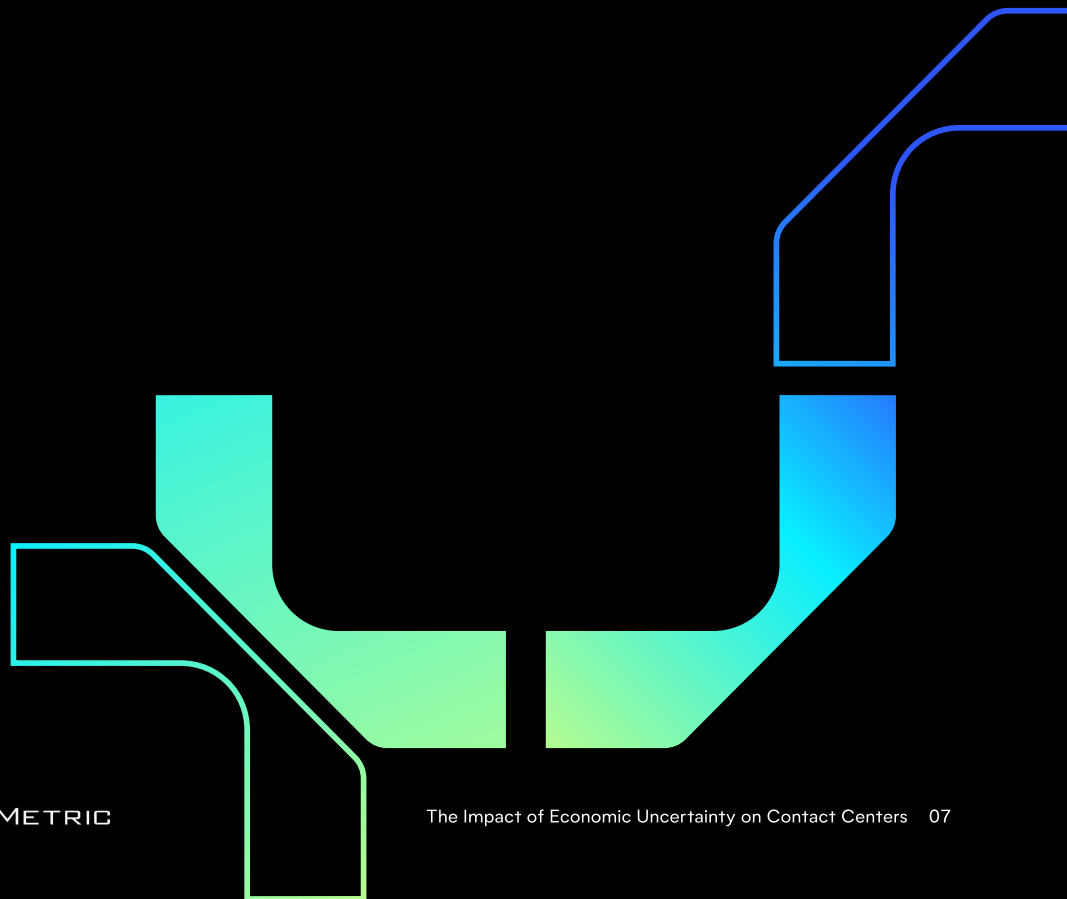
Most study participants expect core mission performance to suffer if staffing levels drop.

81% of study participants expect slight to significant impairment in their center's ability to perform its core mission should staffing levels fall.

Key Finding #4

Over half of surveyed contact centers have larger budgets in 2023.

Compared to 2022, 54% of contact centers report slightly higher to significantly higher budgets in 2023. Another 20% report budgets are the same as last year.



Key Finding #5

Technology and IT infrastructure top the contact center budget wish list.

Areas where contact centers would invest if they had budget flexibility are technology/IT infrastructure (52%), salary/benefits (48%), and staff training (48%).



Key Finding #6

Hiring agents becomes easier in 2023.

Over two-thirds (68%) of the contact center leaders in this study predict they will have an easier time hiring agents in 2023 than in 2022.



Key Finding #7

Most contact centers will cut costs through reducing staffing levels.

The top cost-cutting strategy for contact centers is reducing staffing levels, cited by 61% of study participants.

Key Finding #8

Contact center efficiency is improving in 2023.

70% of contact centers in the study report slight to significant efficiency level improvements.



Key Finding #9

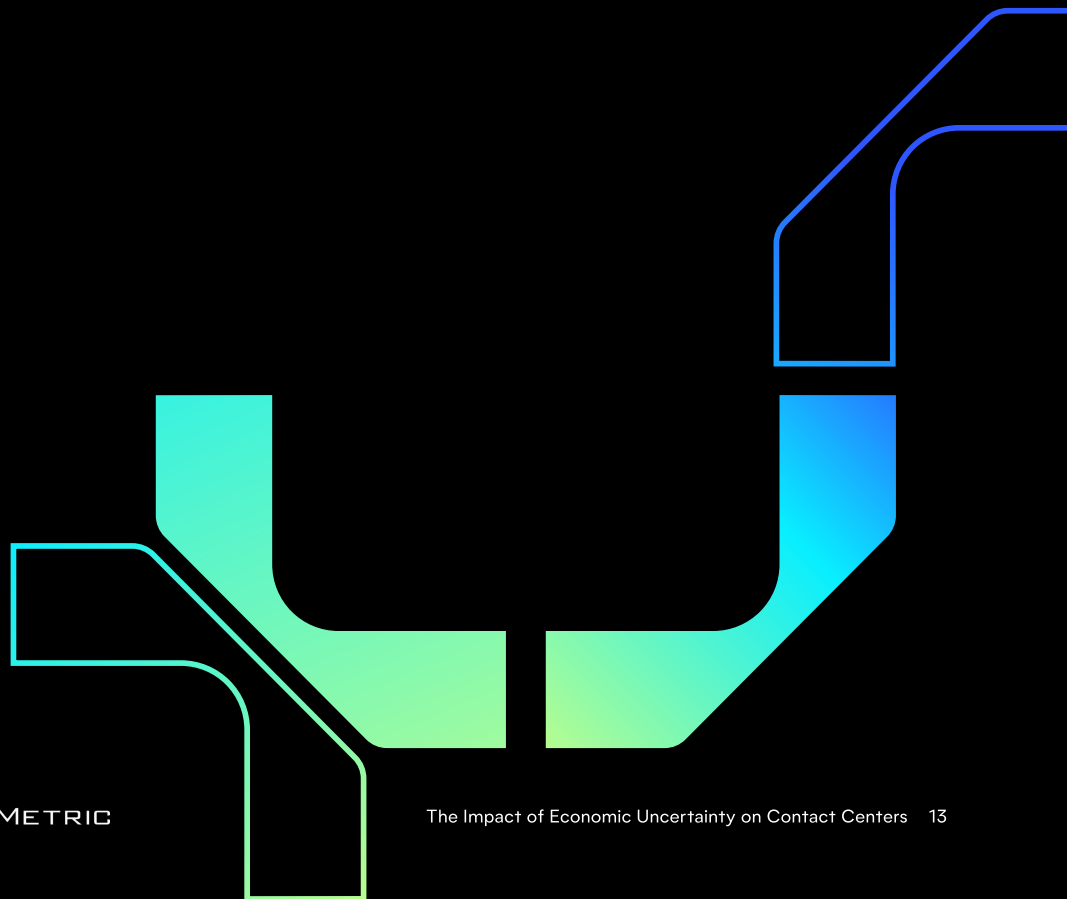
In-place technology does a great job supporting contact center work.

Virtually all (90%) of contact centers surveyed report their existing technology solutions do well or very well in supporting the contact center team's work.

Key Finding #10

Automating customer service is the top investment priority.

Over two-thirds (68%) of centers in this study rank automating customer service as the first criterion they will use to evaluate investments.





Key Finding #11

Customer satisfaction is the most important KPI.

82% of contact center leaders and strategists in this study state customer satisfaction is the most important KPI. Average handle time is a distant second at 55%.

Section 1

Contact Centers' Economic Outlook

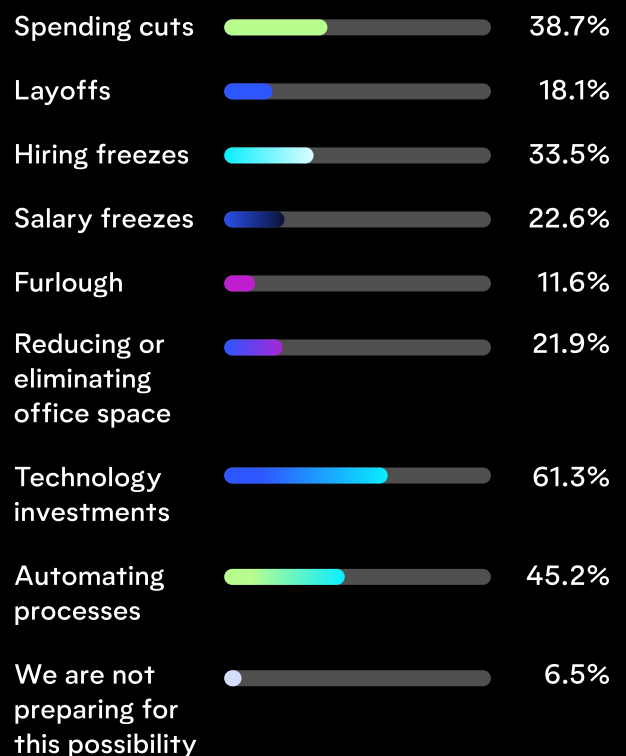
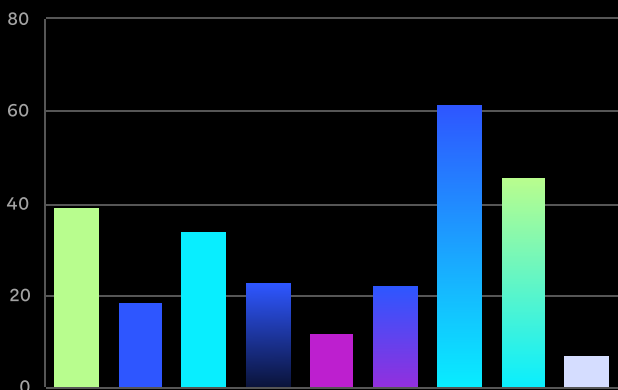
Contact centers are investing in technology as a hedge against economic uncertainty.

Only 7% of study participants said they are not preparing for the possibility of an economic downturn in 2023. The rest are preparing, most of them (61%) by investing in technology, and almost half (45%) by automating processes, as Figure 1 shows.

Question: How is your contact center preparing for the possibility of an economic downturn in 2023?

Figure 1

How Contact Centers Are Preparing for Economic Uncertainty



The agent role will experience the greatest impact due to layoffs or hiring freezes.

All major roles can expect to take a hit in the event contact centers resort to layoffs or hiring freezes. Agents, according to study participants, will bear the brunt of force reductions or hiring caps, as Figure 2 shows.

Question: Which role do you expect will be most impacted by the layoffs or hiring freezes?

Figure 2

Roles Impacted by Layoffs or Hiring Freezes



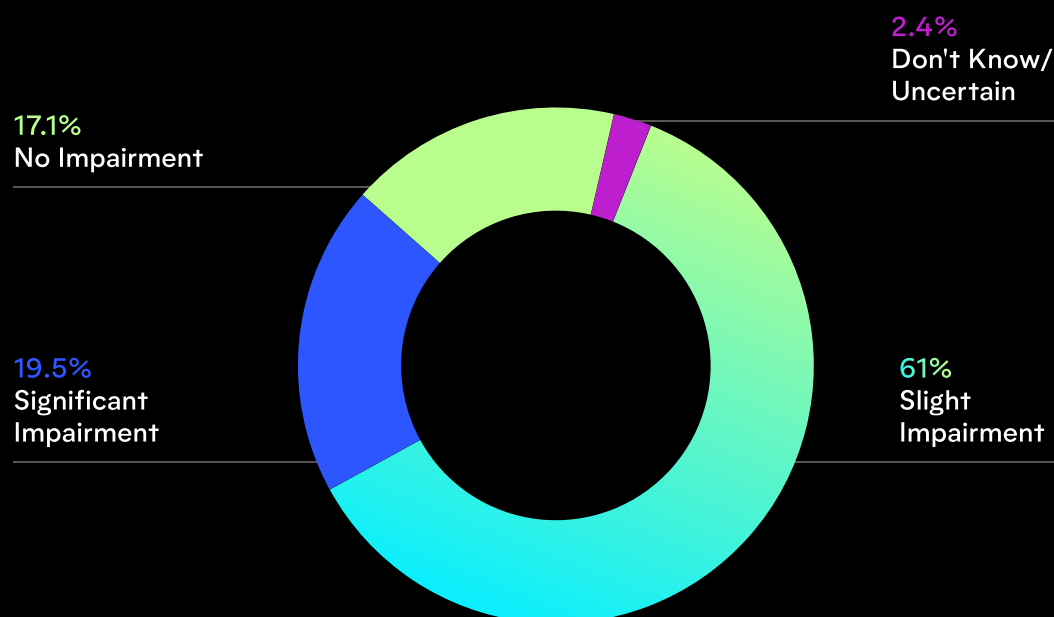
Lower staffing levels will impair over 80% of contact centers' ability to perform their core mission.

For contact centers in the study that anticipate lower staffing levels in 2023, 81% predict lower staffing will slightly or significantly impair their ability to perform their core mission, as Figure 3 shows.

Question: What impact will lower staffing levels have on your center's ability to perform its core mission?

Figure 3

Impact of Lower Staffing on Core Mission



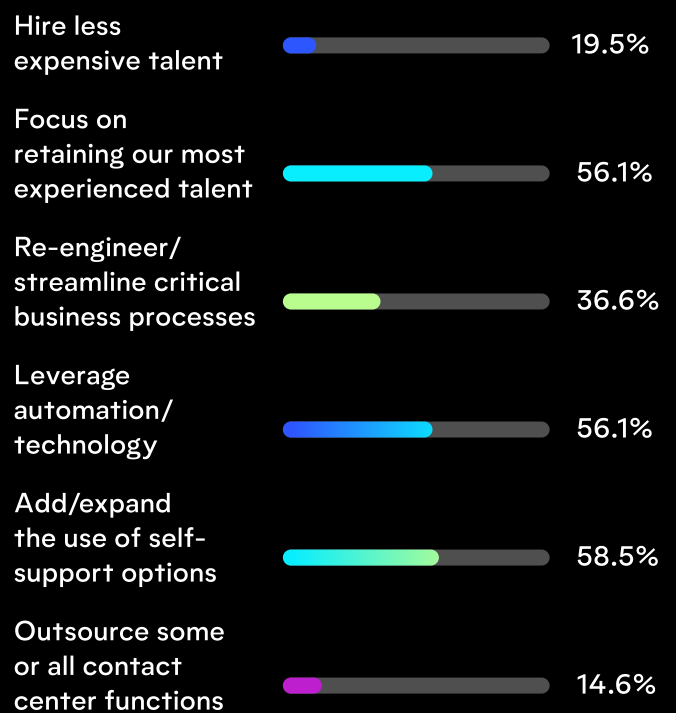
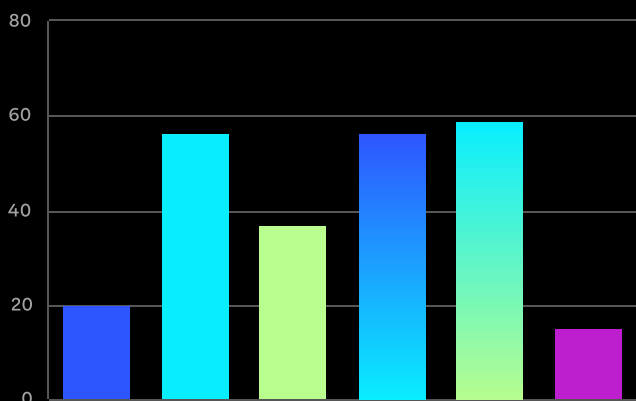
Talent retention, expanded self-support, and automation/technology will mitigate lower staffing levels.

There are three strategies in a virtual tie that contact centers in this study plan to deploy to overcome lower staffing levels. As Figure 4 shows, over half the centers studied will add or expand self-support options, focus on retaining experienced talent, leverage automation/technology or employ some combination of these.

Question: How do you plan to overcome lower staffing levels?

Figure 4

Overcoming Lower Staffing Levels



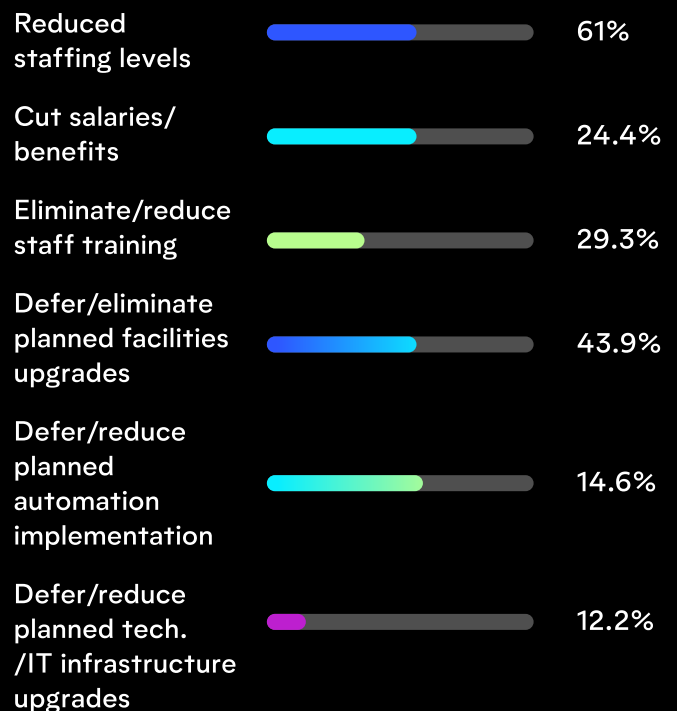
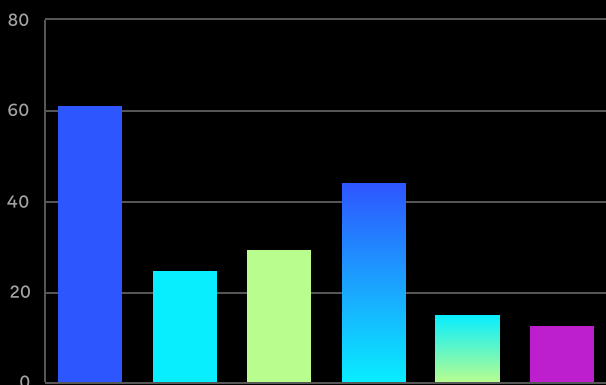
Reducing staff is the way most will deal with lower budgets.

The survey asked contact centers that are dealing with lower budgets in 2023 how they will cut costs. The top strategy, by a significant margin (61%), is reducing staffing levels, as Figure 5 shows.

Where are you cutting costs in your contact center?

Figure 5

How Contact Centers will Deal with Lower Budgets



Section 2

Technology

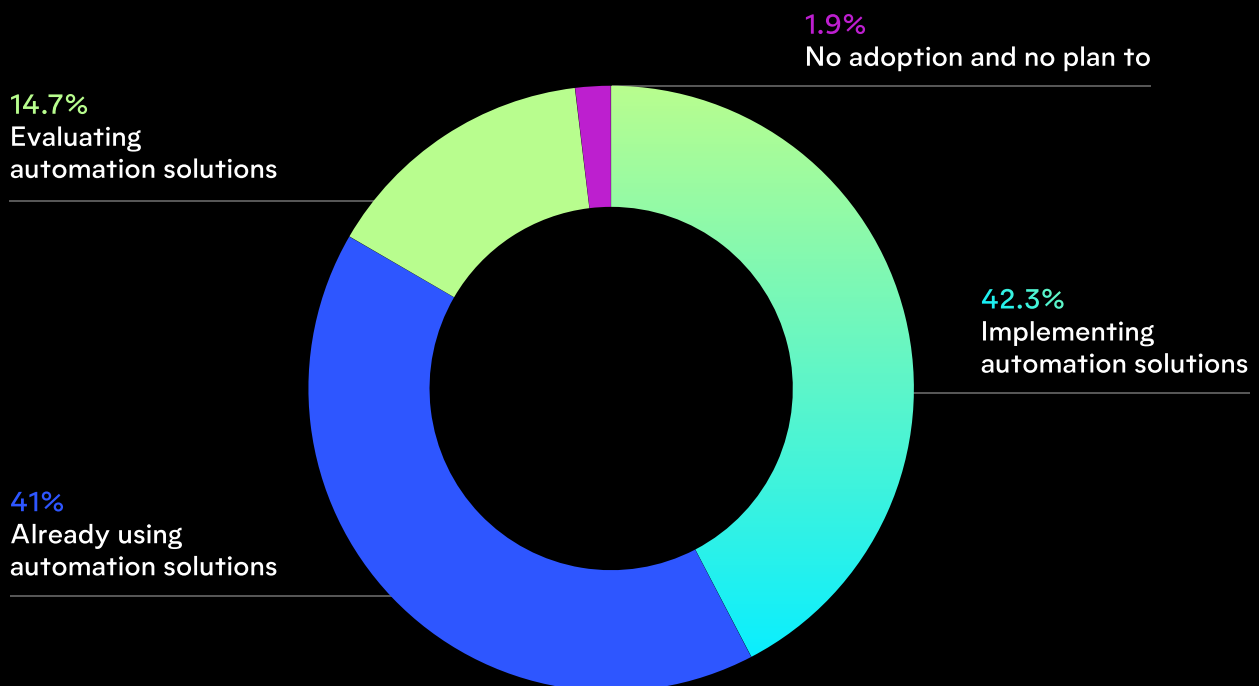
The rush to automate is on.

41% of contact centers in the study are already using contact center automation, and another 42% are in the process of implementing it. Only 2% report having no plans to leverage contact center automation, as Figure 6 shows.

Question: Which response best describes your company's overall adoption of contact center automation?

Figure 6

Contact Center Automation Adoption



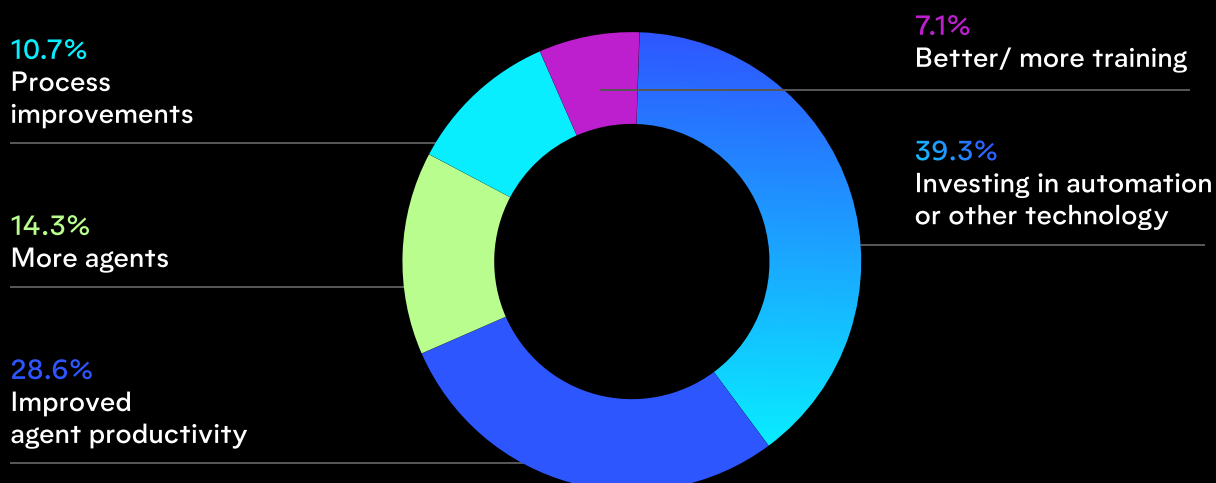
Technology to counterbalance impact of budget cuts on KPIs and SLAs.

Centers in the study identified two areas of investment for offsetting the impact of budget cuts on KPIs and SLAs: investments in automation or other technology (39%) and improved agent productivity (29%), as Figure 7 shows. These strategies are linked, as technology can enable greater agent productivity.

Question: Which of the following types of investment would have the single biggest impact on improving your KPIs or SLAs?

Figure 7

Investments for Improving KPIs and SLAs



The trifecta of training, agent productivity, and automation is driving efficiency improvement.

Most centers in the study report their efficiency is improving, and three drivers virtually tie as reasons cited for the improvement: better training (58%), improved agent productivity (60%), and investments in automation or other technology (57%), as Figure 8 shows. Process improvements also figure large (55%) in the mix of efficiency drivers.

Question: What is driving the efficiency improvements your contact center is experiencing?

Figure 8

Drivers of Efficiency Improvements



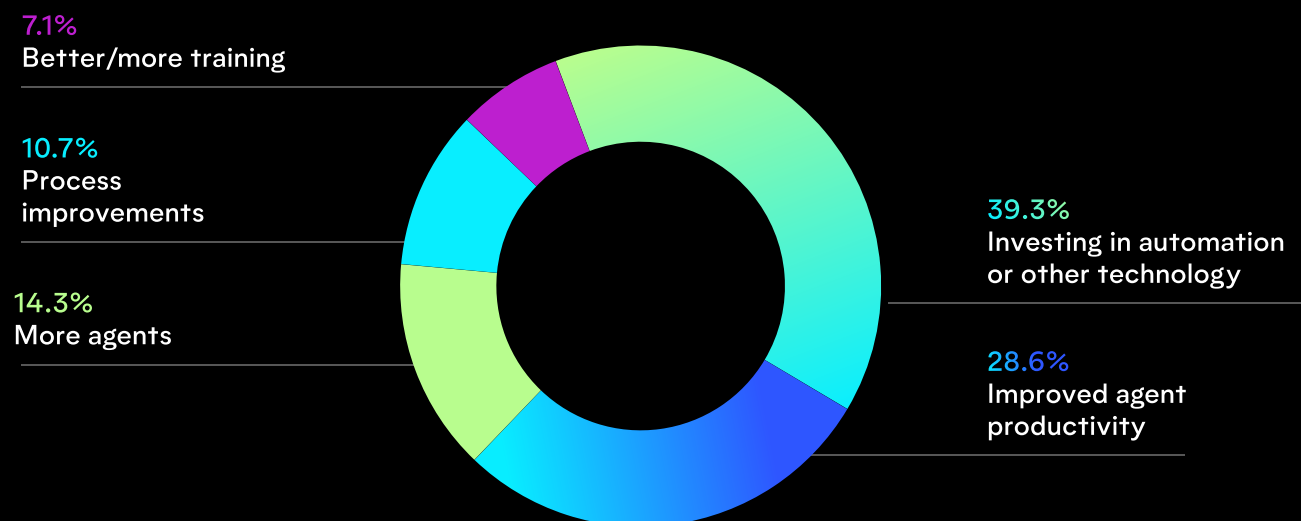
Technology solutions that contact centers use support their work very well.

90% of the centers in this study agree that the technology solutions they currently use support the center's work well or very well, as Figure 9 shows. Only 2% state their technology does poorly or very poorly in this regard.

Question: How well do the technology solutions you are currently using in your contact center support your team's work?

Figure 9

Technology Solutions are Doing Their Job



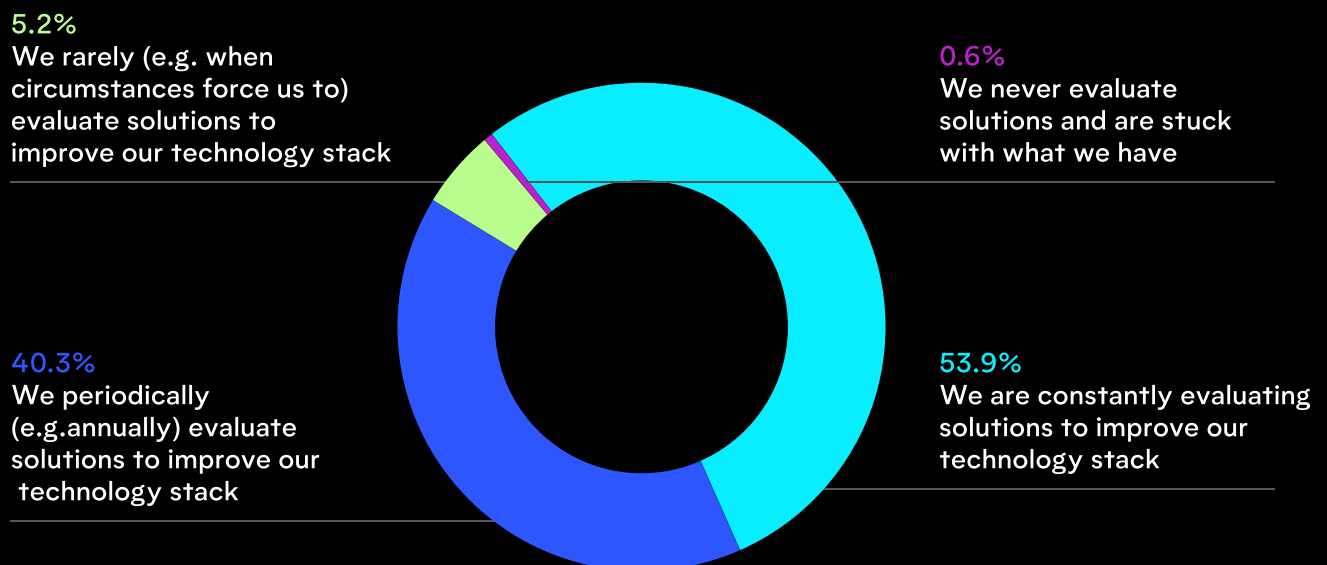
Over half of study participants constantly evaluate technology solutions.

54% of centers in the study are constantly evaluating solutions to improve their technology stack, as Figure 10 shows. Just 6% never or rarely engage in technology evaluation.

Question: How often does your team evaluate new contact center technologies solutions?

Figure 10

Frequency of Technology Evaluation



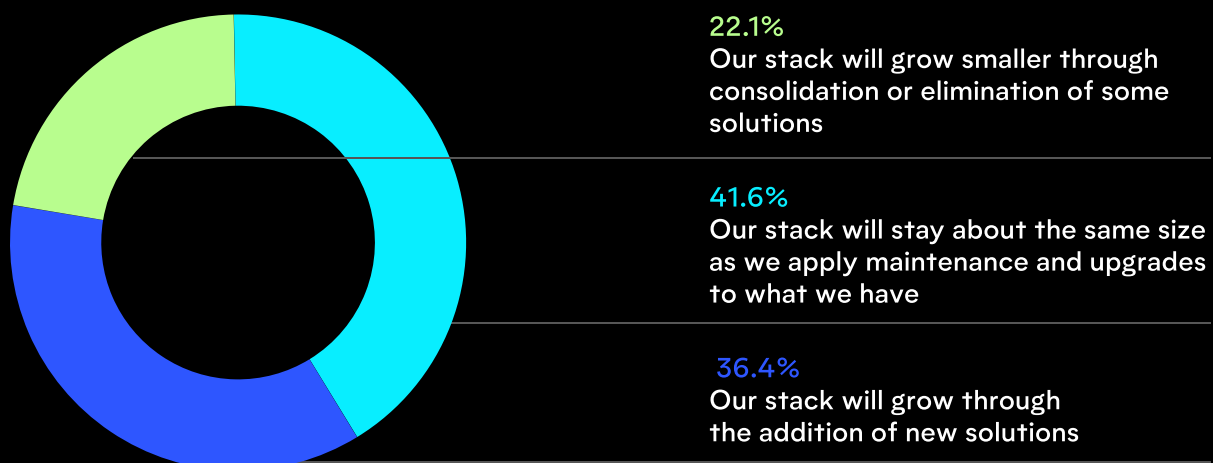
Over one-third of centers in the study will grow their technology stack.

36% of centers in this study plan to grow their technology stack through the addition of new solutions. Another 42% will keep the stack they have, applying maintenance and upgrades, while 22% will consolidate or eliminate some solutions resulting in a smaller technology stack, as Figure 11 shows.

Question: Which of the following statements best reflects how your contact center's technology stack will change in 2023 and beyond?

Figure 11

Technology Stack Growth in 2023 and Beyond



Section 3

Priorities and Outlook

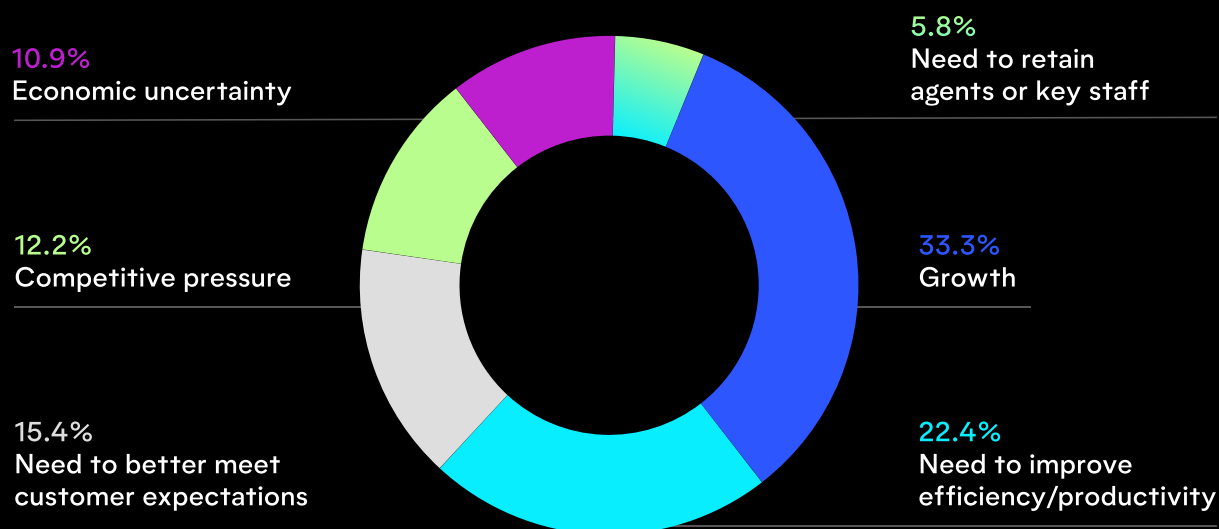
Growth is the top driver of contact center change.

One-third (33%) of study participants report that growth is the top driver of change in their contact centers, followed by the need to improve efficiency/productivity (22%). The need to better meet customer expectations was a distant third (15%) in the ranking of change drivers, as Figure 12 shows.

Question: Which of the following factors is most likely to drive changes you will make in your contact center this year?

Figure 12

Contact Center Drivers of Change in 2023



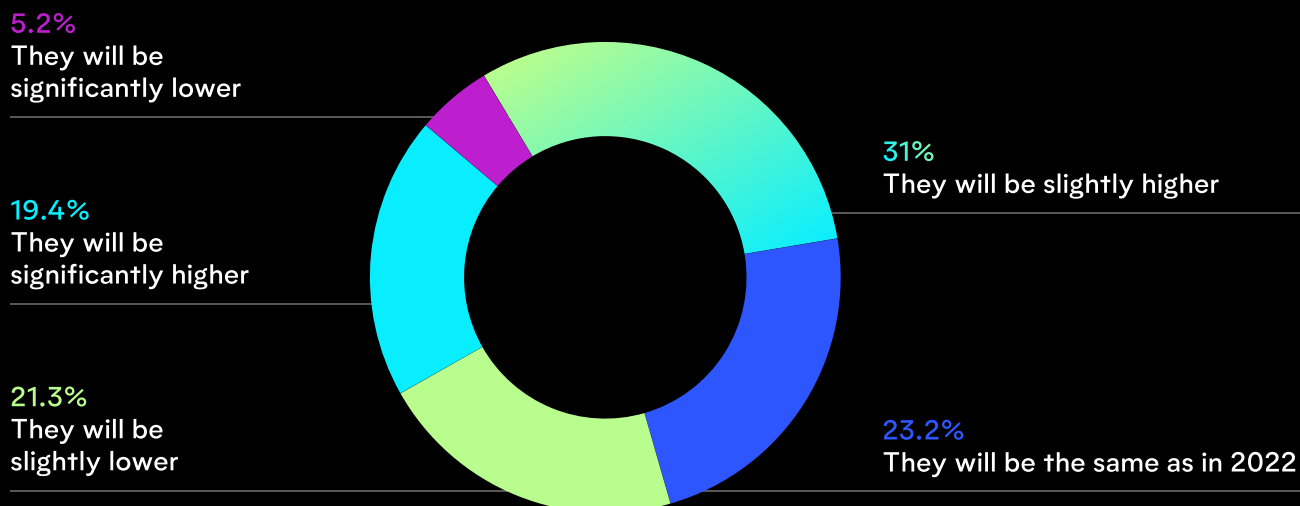
Half the study's contact centers plan to increase staffing levels.

Despite the economic uncertainty, 50% of centers in the study indicate they plan to increase staffing levels in 2023, while another 23% report they'll keep staffing at the same level, as Figure 13 shows. Survey respondents were asked to consider all sources of staff – full-time, part-time, and BPO – to provide this data.

Question: What changes do you expect to your staffing levels in 2023?

Figure 13

Changes to Staffing Levels in 2023



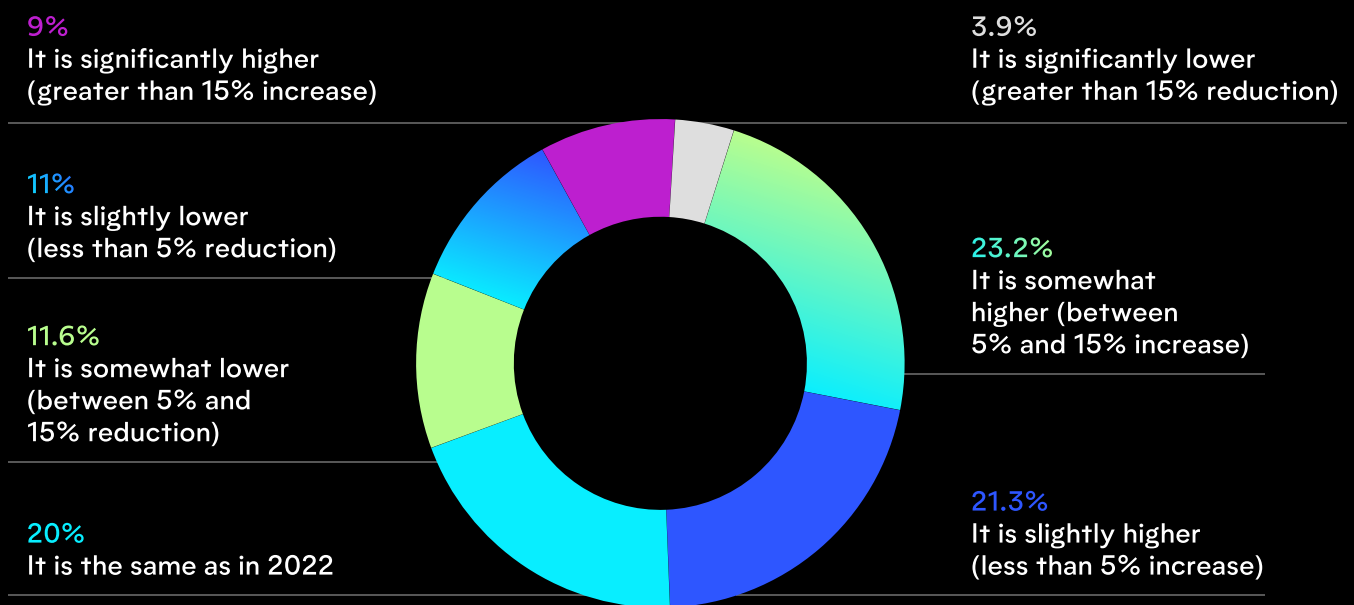
Most centers anticipate increased budgets compared to 2022.

Despite the specter of economic uncertainty, a majority of contact centers in the study (54%) expect higher budgets in 2023 than they had in 2022, as Figure 14 shows.

Question: How does your 2023 contact center budget compare to 2022?

Figure 14

Contact Center Budgets 2023 vs. 2022



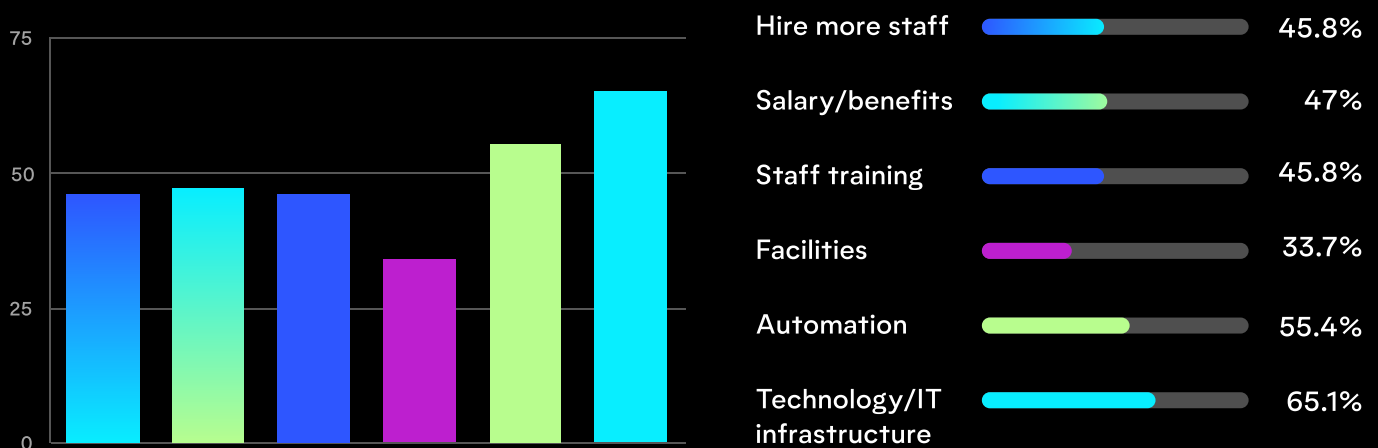
Technology tops new investments considered for 2023.

When it comes to investments, contact centers in the study are exploring for 2023, there are no clear winners, nor are there clear losers. All options are on the table, with Technology/IT infrastructure taking the top spot, as Figure 15 shows.

Question: What new investments are you exploring this year?

Figure 15

2023 Investments Under Consideration



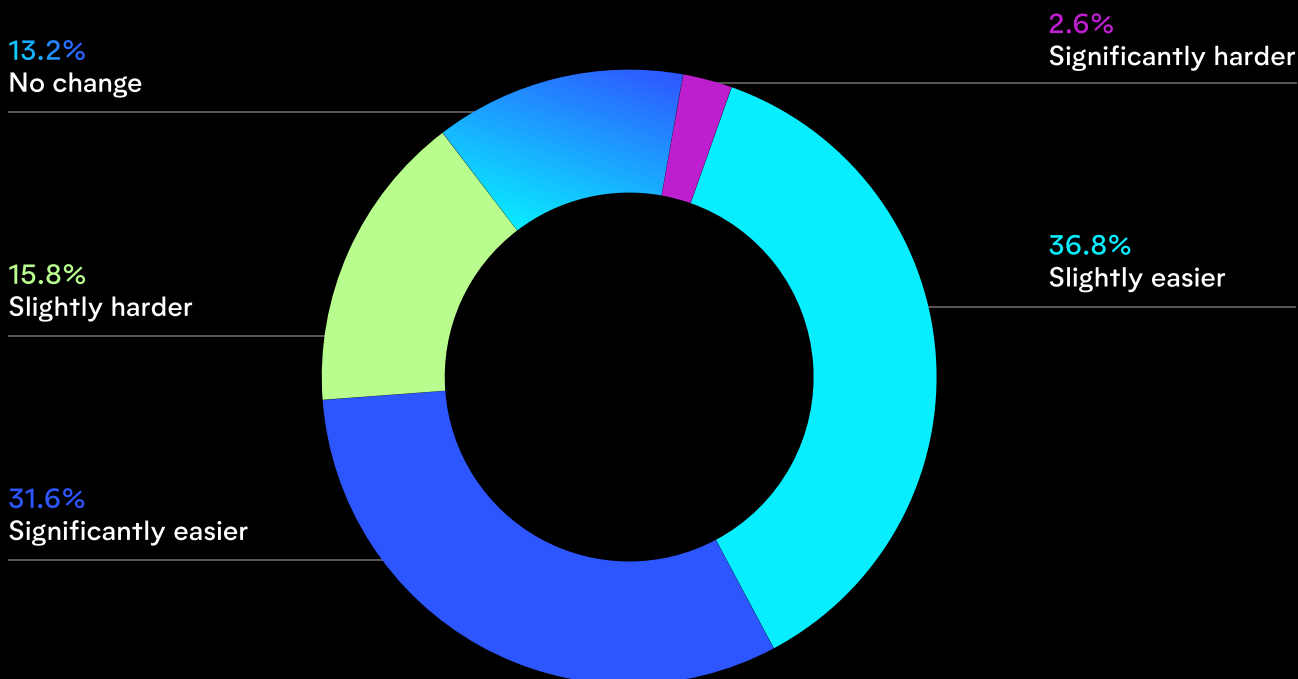
Agent hiring headwinds ease in 2023.

For contact centers considering investing in hiring new agents, they were asked to rate the difficulty of doing so compared to 2022. Over two-thirds (69%) predict an easier time hiring this year than last, as Figure 16 shows.

Question: How difficult will it be for you to hire agents this year compared to last year?

Figure 16

Hiring Agents Easier in 2023



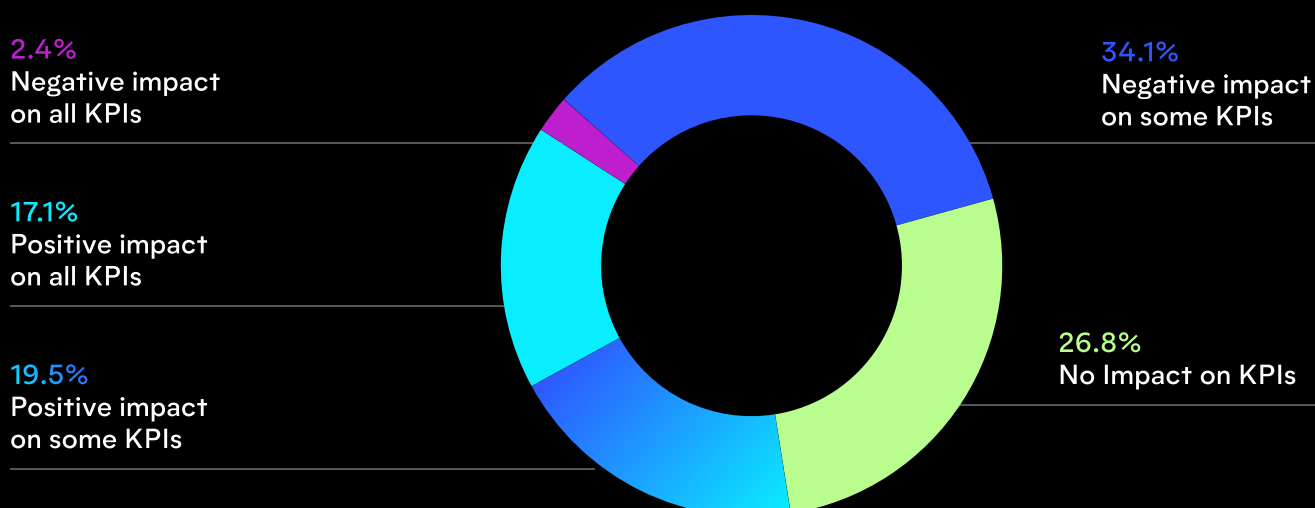
Budget cuts will negatively impact KPIs for 36% of centers in the study.

The net impact of budget cuts on KPIs isn't negative for all contact centers in the study. Just over one-third (36%) anticipate a negative impact on some or all KPIs, while 27% predict no impact, and 37% expect a positive impact, as Figure 17 shows.

Question: What net impact do you expect budget cuts to have on your KPIs?

Figure 17

Impact of Budget Cuts on KPIs



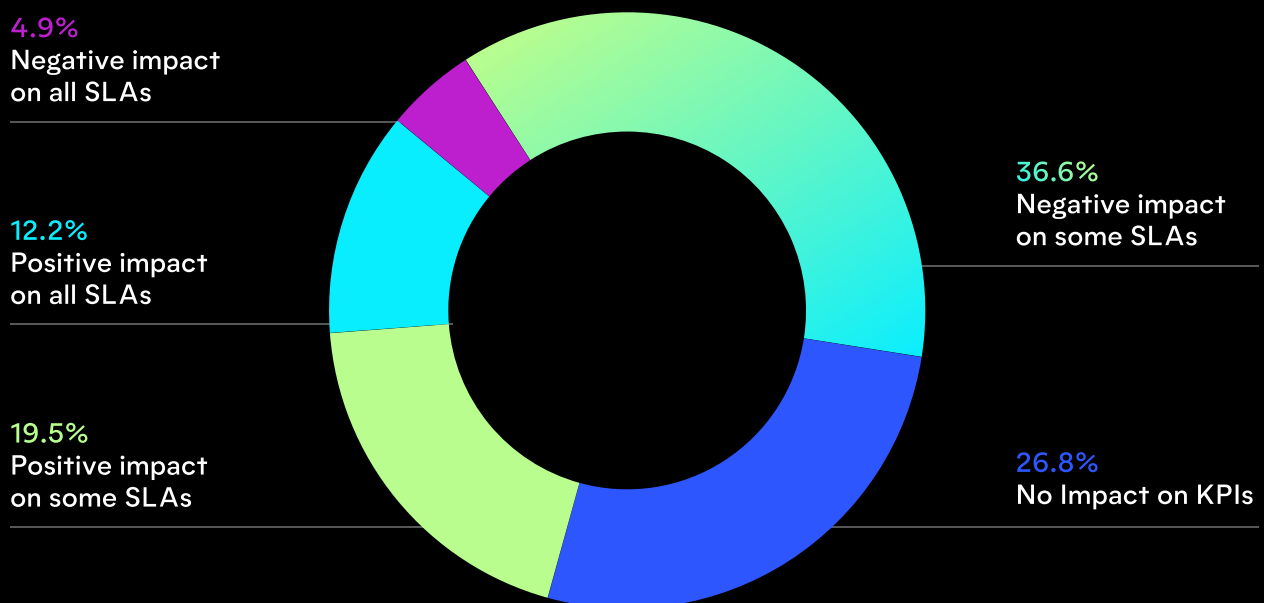
Budget cuts have a greater impact on SLAs than KPIs.

Slightly more contact centers in this study (42%) predict a negative impact on their SLAs than on their KPIs, as Figure 18 shows. 27% predict no impact, and 31% expect a positive impact.

Question: What net impact do you expect budget cuts to have on your SLAs?

Figure 18

Impact of Budget Cuts on SLAs



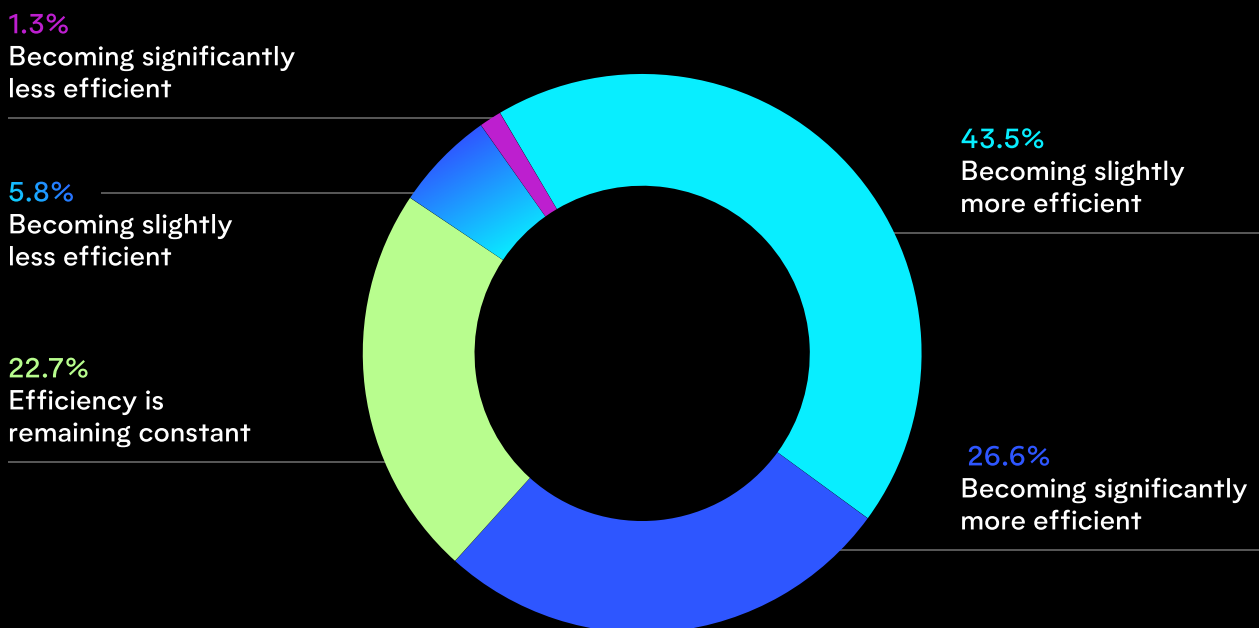
Most centers in the study are becoming more efficient.

Improving center efficiency is the norm for a significant majority (70%) of study participants, as Figure 19 shows. Only 7% acknowledge their centers are becoming less efficient.

Question: How is the efficiency of your contact center changing?

Figure 19

Contact Center Efficiency is Improving



Efficiency and productivity impact are the leading investment criteria.

The leading criteria centers in the study plan to use to justify the investments they will make are efficiency and productivity impact, cited by 75% of study participants. The second leading criteria was a tie between easier workforce management (55%) and customer satisfaction impact (55%), as Figure 20 shows.

Question: What criteria will you use to justify the investments you are making?

Figure 20

Investment Justification Criteria



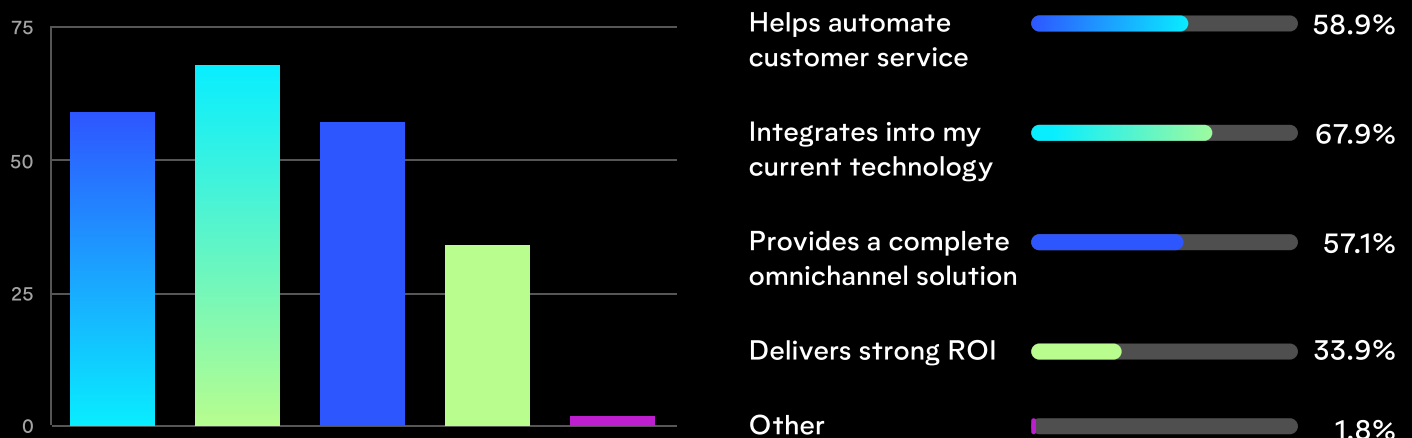
Automating customer service is the top evaluation criterion.

Over two-thirds (68%) of study participants will evaluate new investments through the lens of how it helps automate customer service, as Figure 21 shows. Other criteria that more than half of centers in the study plan to use to evaluate investments include integration into current technology (59%) and providing a complete omnichannel solution (57%).

As you evaluate new investments, which of the following investment criteria is most important?

Figure 21

Investment Evaluation Criteria



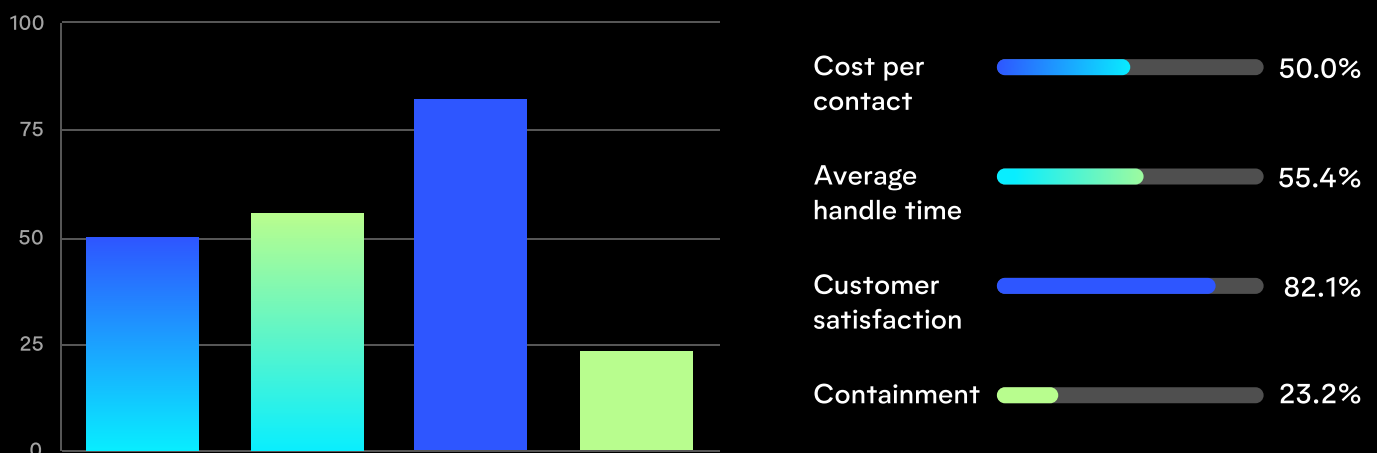
Customer satisfaction is the most important KPI influencing investment evaluations.

Consistent with automating customer service as top investment evaluation criterion, study participants cite customer satisfaction (82%) as the KPI most influential when evaluating investments, as Figure 22 shows. Average Handle Time (55%) and Cost per Contact (50%) round out the top three influential KPIs.

Question: Which of the following KPIs are most important to you as you evaluate new investments?

Figure 22

KPIs that Influence Investment Evaluation



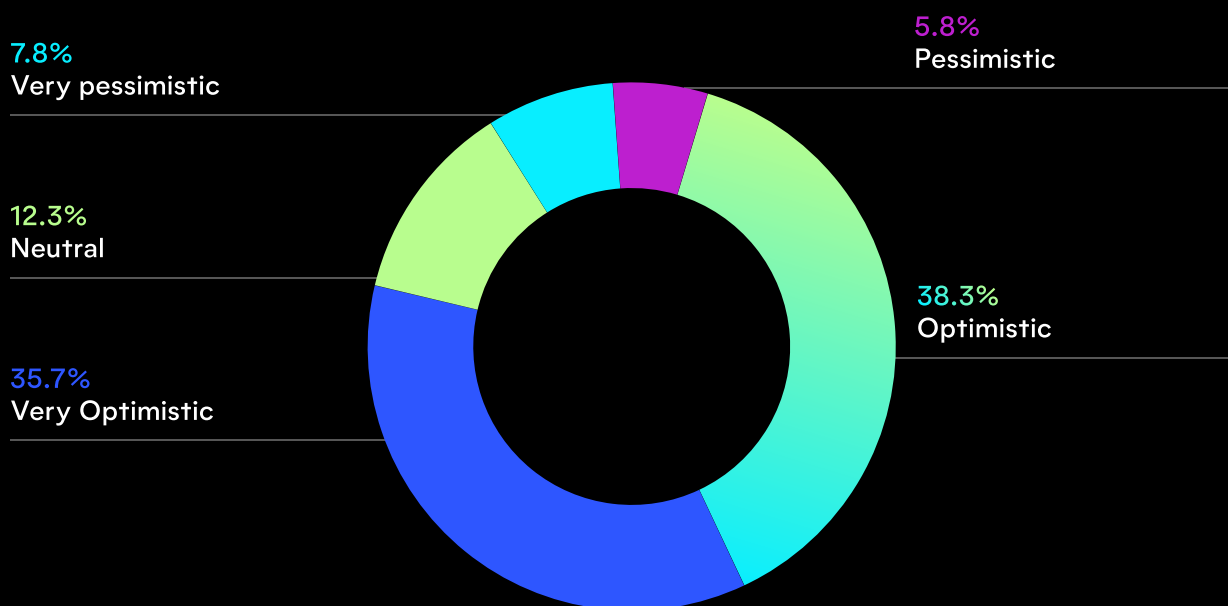
Most contact centers are optimistic about their business in 2023.

Despite the economic uncertainty that has characterized 2023, almost three-quarters (74%) of centers in this study are optimistic or very optimistic about their business this year, as Figure 23 shows. While expressing this optimism, 94% of this study sample are preparing for an economic downturn.

Question: What's your level of optimism for your business in 2023?

Figure 23

Business Optimism Runs High in Contact Centers



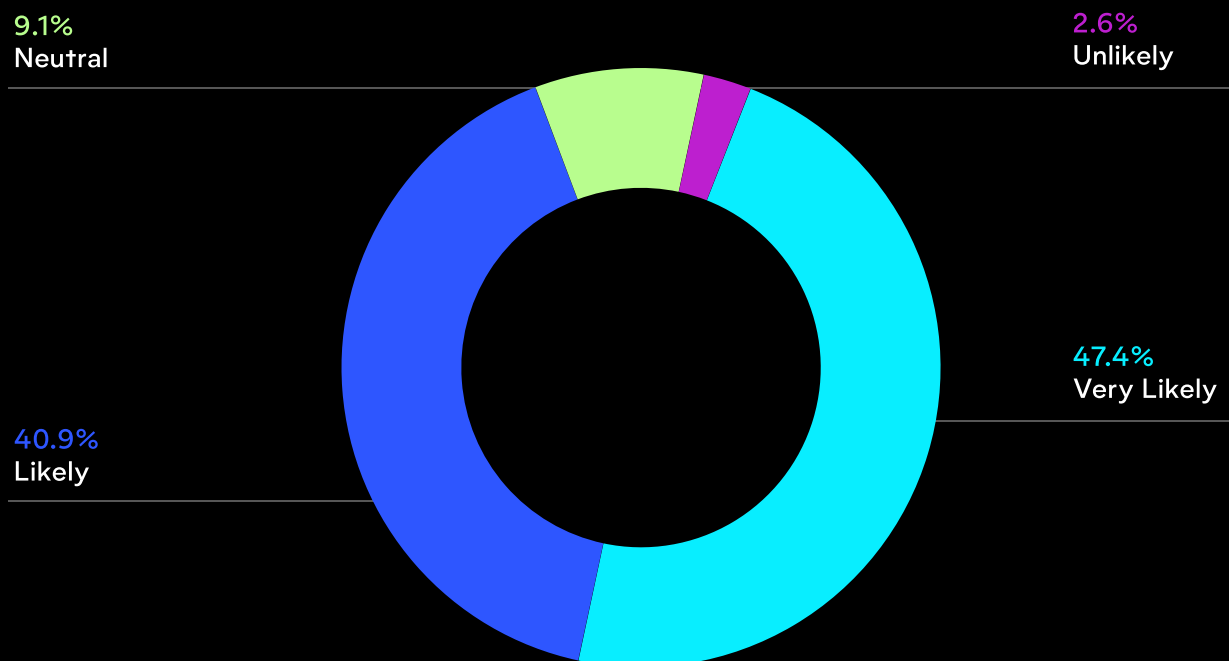
Most contact centers expect to meet or exceed their 2023 goals.

Perhaps one reason for the optimism that contact centers express for their year is the expectation most have of meeting or exceeding their 2023 goals, as Figure 24 shows.

Question: How likely is it that your team will meet or exceed its goals in 2023?

Figure 24

Most Centers Expect to Meet or Exceed Their 2023 Goals



Action Plan

Even though 2023 has so far been an economic rollercoaster, the centers in this study are for the most part weathering the ride admirably. The insights they shared in this study provide a high-level blueprint for thriving, come what may economically.

Step One:

Evaluate your technology stack

Now is the time to ensure the technology stack that supports contact center operations is fully capable. Keep your stack current in terms of maintenance and fill in functional gaps with solutions. Use the impact on efficiency and productivity as your primary criterion for justifying investments.

Step Two:

Prioritize automating customer service

Contact centers in this study made it clear they are driving towards greater efficiency and the most important KPI is customer satisfaction. Automating customer service is a strategy that addresses both of these priorities.

Step Three:

Plan for growth but prepare for the worst

Contact centers are vital, highly influential touchpoints at all times. The agents and the work they do are familiar and comforting when jitters are rippling through the economy. The mission of the center is never more important, and for this reason, volumes often grow. Anticipate that, until the economy flies through the current turbulence, the contact center team will need to do more. Equip it to do so with adequate staff, budget, technology, and training.

Conclusion

Economic uncertainty is a certainty. Whether the current conditions are waning or waxing is unknown. What is known is that the current economic state did not catch contact centers by surprise. They are prepared and preparing for downturns by doubling down on investments in technology and automation. As they do so, they are using efficiency, productivity, and customer satisfaction as filters for the investments they make. Many are growing their staff and budgets while they automate customer service. They are providing the blueprint for weathering current economic storms and sailing through to the other side positioned more strongly than ever to fulfill their mission.

Methodology

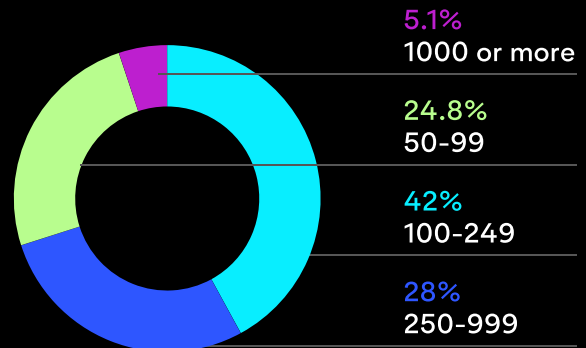
Methodology

This Impact of Economic Uncertainty on Contact Centers survey was administered online from February 8, 2023, until February 23, 2023. During this period, 281 responses were collected, and 157 were qualified and complete enough for inclusion in the analysis. Only valid or correlated findings are shared in this report.

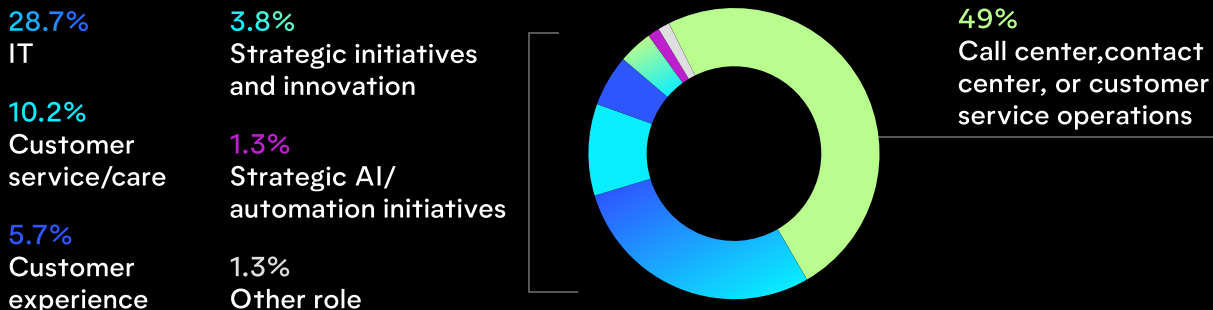
The representativeness of this study's results depends on the similarity of the sample to environments in which this survey data is used for comparison or guidance. Some figures are based on low sample sizes and should only be used for informational purposes.

Summarized below is basic categorization data collected about the study participants to enable filtering and analysis of the data:

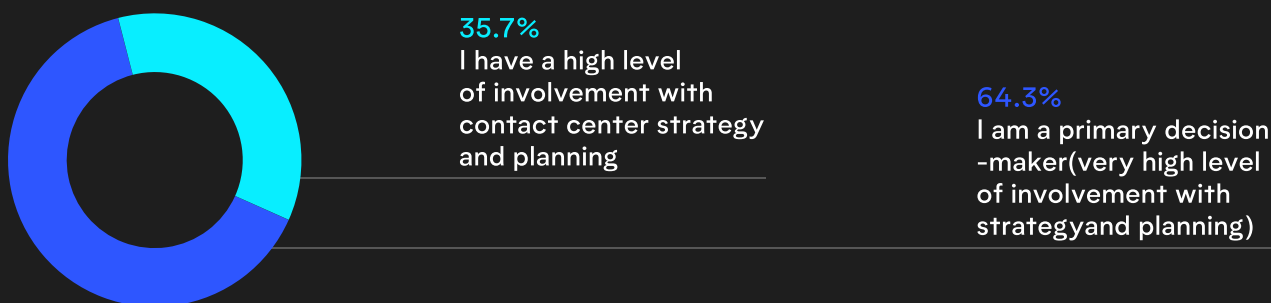
How many contact center agents do you have at your company or through business process outsourcing (BPO)?



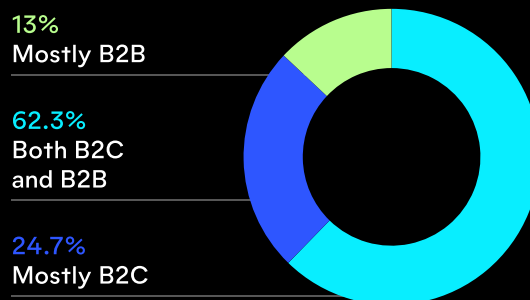
Which of the following best describes your primary role?



What is your level of involvement in customer service or contact center strategy and planning at your organization?



Which best characterizes the nature of your company's business?



What is your company's approximate annual revenue?

5.8%

Less than \$5 million

11.7%

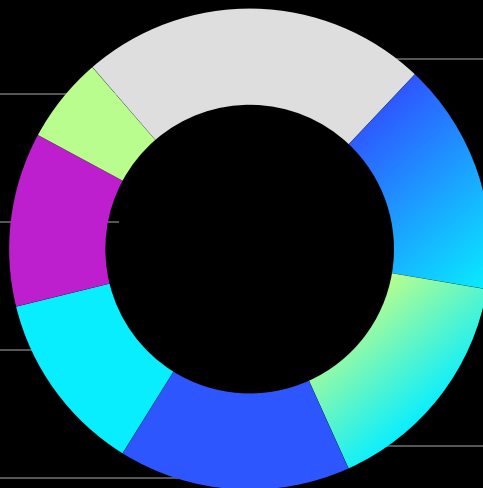
\$101 million to \$250 million

12.3%

More than \$1 billion

15.6%

\$251 million to \$500 million



23.4%
\$501 million to \$1 billion

15.6%
\$6 million to \$50 million

15.6%
\$51 million to \$100 million

Which industry do you work in?

4.5%

Travel & Hospitality

7.8%

Healthcare

8.4%

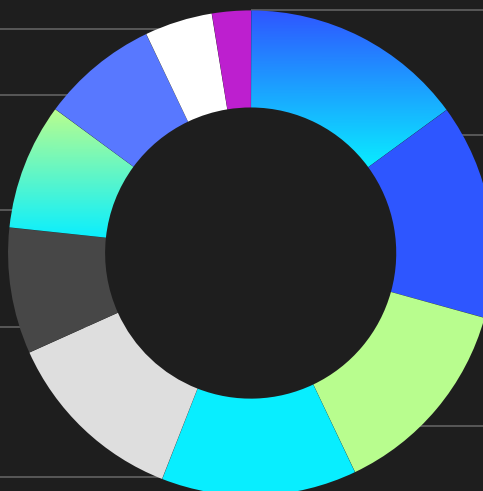
Other

8.4%

Transportation / Logistics

12.3%

Consumer services



2.6%

Insurance

14.3%

Telecommunications

14.9%

Retail & eCommerce

13.6%

Financial Services

13%

Consumer goods



About Replicant

As a leader in Contact Center Automation, Replicant helps companies automate their most common customer service calls while empowering agents to focus on more complex and nuanced customer challenges. Replicant's AI platform allows consumers to engage in natural conversations across voice, messaging and other digital channels to resolve their customer support issues, without the wait, 24/7. Replicant scales up or down instantly, can be implemented in weeks and handles millions of customer support interactions a month.

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Demand Metric's core focus is to help B2B marketing organizations grow revenue by operationalizing the best practices discovered in their research.

Through strategic partnerships with the AMA, ANA, and AIPMM, Demand Metric's tools have become the industry standard for Marketers and Product Managers. Access their 1,000+ tools and resources to get your team punching above their weight class.