

The Value of Outsourced Customer Service

Customer service is a crucial part of your business. Even if you offer the best products/services in the market, you won't succeed without it. Even big companies such as Google outsource customer service to grow their business. You have to make a concerted effort to maintain it as it attracts and retains new customers.

But what if you are too busy to handle every communication channel? How about if you lack enough resources to maintain an in-house team? You cannot overlook customer service calls nor can you sacrifice operations. You may be asking yourself, "What is the best alternative if I can't afford to hire an in-house customer service team?" As your business grows, you may consider outsourcing your customer service.

With the new technological advancements and many changes in consumer behavior and expectations, [customer service has advanced](#) to become a field that requires more emphasis on training, infrastructure, and hiring skilled people. Therefore, many industries including healthcare and tech companies are now outsourcing their customer service operations to reduce costs and allocate resources to the core business models. [Outsourcing customer service](#) provides more ways to answer customer inquiries and provide crucial data for the decision-making process.

What Is Outsourced Customer Service?



Source: [Ltvplus](#)

Outsourced customer service means a business is using the services of a third-party provider to handle inbound and outbound calls and non-verbal communication with customers. It involves delegating one or more time-consuming business processes to an external service provider that has the knowledge, skill set, and technology to serve customers well.

Whatever the size of your company, outsourcing customer service is the most common trend that has been witnessed across the different industrial sectors. It is one of the most popular ways companies leverage to remain efficient in the market.

The Current State of Customer Service in Various Industries

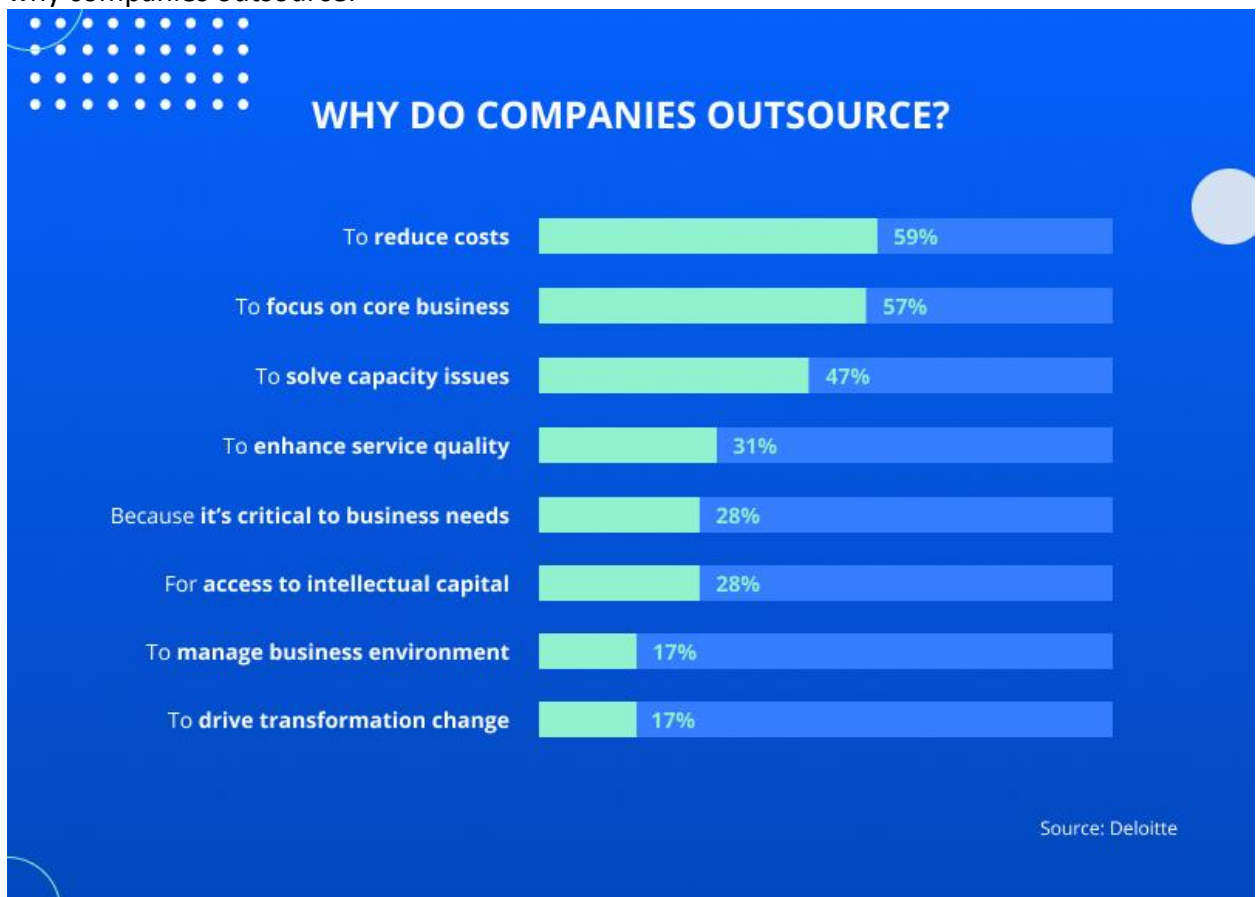
Recent technological advancements and the [growth of e-commerce](#) have placed a [greater emphasis on customer service operations](#). Companies now must navigate a wide range of customer interaction channels, such as social media, live chat, and messaging apps, in addition to traditional methods such as phone and email.

Customers expect to have their questions and concerns addressed anytime from multiple channels. Customer service outsourcing companies have recognized these changes and are offering solutions to fulfill business needs without compromising customer satisfaction.

The best call centers have improved their services and others have specialized in different types of customer communications, such as taking inbound calls and helpdesk services. Others are highly skilled in certain industries and some use the latest technology to manage interactions for the highest customer satisfaction.

Why Do Companies Outsource?

Customers outsource their customer service for different reasons. As businesses scale, it may be challenging to keep up with the rising demand for in-house customer service teams and equipment. Also, startups can avoid hiring full-time customer service teams to cut down on their expenses. According to [Deloitte](#), below are some of the reasons why companies outsource:



Common Challenges Faced by Companies in Providing Customer Service

Companies face numerous challenges in providing adequate customer service, including:

Higher Customer Expectations

Customers today have high expectations for customer service and expect to access information and assistance quickly and easily. Meeting these expectations can be challenging for companies, particularly those without the latest customer service technologies.

Also, in today's digital age, customers have become accustomed to instant gratification and expect to access information and assistance quickly. This has led to an increased demand for self-service options, such as chatbots and online FAQs, as well as for more traditional customer service channels, such as phone and email support.

Providing Personalized Service

In the health industry, providing personalized service is becoming increasingly important as patients expect more tailored and individualized experiences. The advancements in data and technology now allow healthcare providers to understand their patients' needs and preferences better than ever before. This has led to an increased demand for personalized service, which is difficult to achieve with traditional customer service models.

To stay competitive, healthcare providers must strive to deliver a more personalized service experience to their patients. This can lead to better patient outcomes as patients are more likely to follow through with treatment plans when they feel heard and understood. Additionally, according to this [Customer Retention Statistics Report](#), 77% of customers will recommend a company after a positive experience.

Managing Social Media

The rise of social media has had a significant impact on customer service. Social media has given customers a new way to express their opinions and complaints, and companies must be prepared to respond quickly and effectively to customer feedback on social media platforms. Social media also increases the importance of reputation

management, as negative comments and reviews can quickly spread and harm a company's reputation.

Multilingual Customer Service

Providing customer service in multiple languages can also be a challenge for companies, particularly those that operate in international markets. Companies must be able to provide customer service in multiple languages to effectively serve customers in different countries and regions.

Managing Customer Data

With the growing amount of data that companies collect about their customers, it can be challenging to effectively manage and use this data to improve customer service.

Keeping Up with Technology

Companies need to keep up with the latest customer service technologies and tools to provide effective customer service, but it can be challenging for companies to stay current with the latest trends and developments.

Maintaining Consistency

Maintaining consistent customer service across different channels and locations can be challenging for companies, particularly those with multiple locations or a distributed workforce.

The Various Costs of Constructing In-House Customer Service

Hiring Costs

You need to hire motivated agents to build a customer support team that can deliver excellent service to your customers. However, identifying, interviewing, and recruiting the best team can be very costly. Constructing and managing an in-house team can be challenging as the hiring accumulates to a higher bill. Also, the customer service industry has a high turnover rate. This can be a huge loss for your company every time an agent leaves.

Training Costs

Your customer support executive needs proper training to deliver the best service to your valuable customers. Therefore, you must have a classified training program that includes explaining the best customer service practices and the core values of your business. The training programs would also require continuous updates, which can be costly to maintain.

Infrastructure

Hiring an in-house customer service team would require you to have a dedicated workstation with computers, headsets, and more. Even the real estate cost alone can be too much to bear, especially when the demand increases and you have to add more space to accommodate a larger number.

Inefficient Staffing

If you have an idle team, that is a waste of money and other resources. Hiring more agents than required can lead to high costs to your business expenses.

The Advantages of Outsourcing Customer Service

Customer service can make or break a business. In fact, [40-50%](#) of businesses stop doing business every year due to poor customer service. This is a huge number, which is why outsourcing customer service has become a norm for several companies. Here are the key benefits of outsourcing customer service:

Cost Savings

Outsourcing providers have lower overhead costs and economies of scale, which allows them to offer services at a lower cost than in-house customer service departments.

Moreover, outsourcing can help to optimize operations and reduce expenses associated with training and managing customer service teams.

Specialized Expertise

Outsourcing providers have teams of experienced customer service professionals with the skills and knowledge to handle a wide range of customer service issues, especially for companies in niche industries or with complex products or services. Furthermore, they can provide specialized advice and assistance tailored to the specific needs of their clients.

Dedicated Customer Service Team

Outsourcing provides companies with a dedicated customer service team that is focused solely on providing excellent service to customers, allowing the company to focus on its core business operations. This dedication also helps to ensure that customer service issues are addressed quickly and efficiently.

Flexibility

Outsourcing customer service gives businesses greater flexibility to adjust their focus to

meet changing business needs. This can help to ensure that customer service operations can keep up with the evolving needs and demands of customers.

Access to the Latest Technology

Outsourcing providers often invest in the latest customer services technology, such as chatbots and artificial intelligence, which can help companies provide faster and more efficient service to their customers. This can be beneficial in terms of cost savings, as well as providing customers with a more enjoyable customer service experience.

Improved Efficiency

Outsourcing customer service operations can remove the need for companies to manage and train in-house customer service teams, which can be time-consuming and costly. This can free up resources and allow companies to focus on other aspects of their operations.

Improved Customer Service

Outsourced customer service providers bring a fresh perspective and wealth of experience to customer service operations, which can help companies improve customer service overall. This can lead to increased customer satisfaction, loyalty, and retention.

Scalability

Outsourced customer service providers can scale their service up or down as per the needs of their clients, which can be very beneficial during peak seasons or unexpected events that cause fluctuations in customer demand. This can help businesses to maintain a consistent customer service experience during these times.

Best Practices When Outsourcing Customer Service

Outsourcing customer service can be a cost-effective solution, but it is essential to implement best practices to ensure success. When outsourcing customer service, companies must take a strategic and proactive approach to ensure success. This includes selecting the right outsourcing provider, setting clear expectations and goals, and regularly monitoring and evaluating the performance of the outsourced customer service team.

Here are nine essential considerations that companies should keep in mind:

1. **Motivation and abilities:** Do your due diligence and thoroughly evaluate potential providers to ensure they have the necessary skills, experience, and resources to provide the level of service that your company requires.
2. **Service level agreements:** Clearly outline the level of service that the provider is expected to deliver, including response times, resolution times, and performance metrics.
3. **Communication and coordination:** Establish clear lines of communication and regularly review the performance of the outsourcing provider to ensure they are meeting expectations.
4. **Data security:** Ensure that the outsourcing provider has robust data security measures in place to protect sensitive customer information.
5. **Training and support:** Look for an outsourcing provider that offers comprehensive training and support to ensure their customer service representatives are fully equipped to handle customer service issues.
6. **Scalability:** Choose a provider that can scale their service up or down as per the needs of your company. This flexibility allows you to increase or reduce the level of customer service provided depending on current demand.
7. **Compliance:** Ensure that the outsourcing provider is compliant with all relevant laws and regulations, including data privacy and protection laws, telemarketing and telecommunication laws, and industry-specific regulations.

8. Cultural fit: Consider the cultural fit between your company and the outsourcing provider to avoid misunderstandings and communication issues.
9. Location: Take into account the location of the outsourcing provider, as this can impact communication, time zones, and language barriers.

How to Measure the Success of an Outsourced Customer Service Program

Companies also need to understand [how to measure](#) the success of an outsourced customer service program. This is essential for determining whether the program is meeting its objectives and for identifying areas for improvement. There are several key metrics that companies can use to measure the success of their outsourced customer service program, including:

First Contact Resolution Rate (FCR)

This metric measures the percentage of customer service interactions resolved during the initial contact. A high FCR rate indicates that customer service representatives effectively address customer concerns and resolve issues quickly.

Customer Satisfaction (CSAT) Score

This metric measures customer satisfaction with the service they received. Companies can use surveys or questionnaires to gather feedback from customers on their satisfaction with the service they received.

Net Promoter Score (NPS)

For health and technology companies, [measuring customer loyalty](#) is essential to understanding the effectiveness of customer service and identifying opportunities for improvement. One commonly used metric for this purpose is the Net Promoter Score (NPS).

This metric measures the likelihood of customers recommending a company's products or services to others. It is typically calculated by asking customers to rate their likelihood of recommending the company on a scale of 0 to 10, and then grouping those responses into three categories: Promoters (9-10), Passives (7-8), and Detractors (0-6). NPS is then calculated as the percentage of Promoters minus the percentage of Detractors. This metric can provide valuable insight into customer satisfaction and loyalty and can help

health and technology companies make strategic decisions to improve their revenue.

In the context of outsourced customer service, NPS can be used to measure the effectiveness of the outsourced customer service provider. A high NPS indicates that customers are satisfied with the service they are receiving and are more likely to recommend the company to others, while a low NPS indicates that customers are not satisfied and are less likely to recommend the company. By regularly monitoring NPS, companies can identify areas where the outsourced customer service provider needs to improve and make adjustments accordingly.

Average Handle Time (AHT)

AHT measures the average amount of time that it takes for a customer service representative to handle a customer service interaction. A low AHT indicates that customer service representatives are handling customer service interactions efficiently.

Abandonment Rate

This metric measures the percentage of customers who hang up before their call is answered. A low abandonment rate indicates that customer service representatives answer customer service interactions promptly.

Repeat Contact Rate

This metric measures the percentage of customers who contact the customer service team more than once for the same issue. A low repeat contact rate indicates that customer service representatives resolve customer concerns during the initial contact.

Escalation Rate

This metric measures the percentage of customer service interactions escalated to a higher-level representative or supervisor. A low escalation rate indicates that customer service representatives effectively address customer concerns and resolve issues.

Quality Monitoring

Companies can also monitor the quality of customer service interactions to ensure that customer service representatives adhere to established processes and provide accurate and appropriate responses to customer concerns.

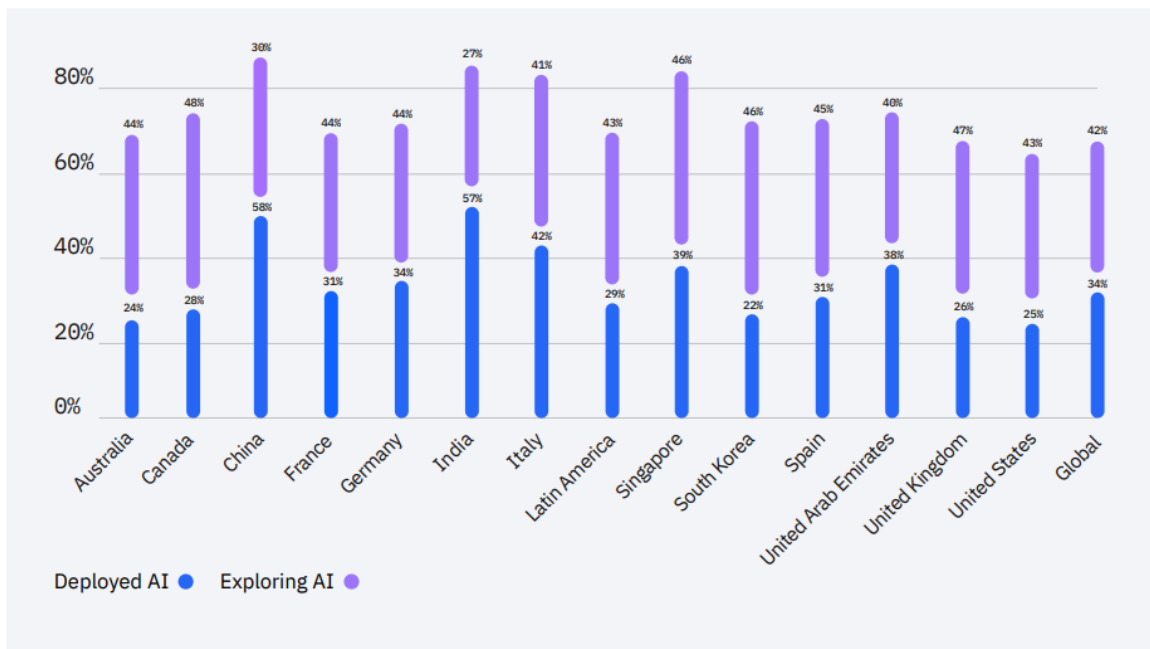
These metrics should be tailored to the specific needs of each company and the

objectives of the outsourced customer service program. Additionally, companies should regularly review these metrics to identify areas for improvement and adjust the program as necessary.

The Future of Customer Service

The future of customer service is certain to be shaped by several technological and societal trends. Businesses must be aware of and prepared for these [key trends](#) to provide the best possible service to their customers.

Artificial intelligence (AI) is becoming more advanced and will play a greater role in customer service in the future. According to a [recent report by IBM](#), the global AI adoption rate grew steadily to 35% in 2022, a four-point increase from 2021.



AI adoption rates around the world

Chatbots and virtual assistants powered by AI can handle basic customer service tasks, allowing human representatives to focus on more complex issues.

Personalization is crucial as customers expect tailored experiences. Companies must leverage data and analytics to provide personalized service, such as creating

personalized offers or anticipating customer needs through machine learning.

Providing Omnichannel service is a must as customers expect to interact with companies through various channels including phone, email, live chat, and social media. Companies must ensure seamless and consistent service across all channels to meet customer expectations.

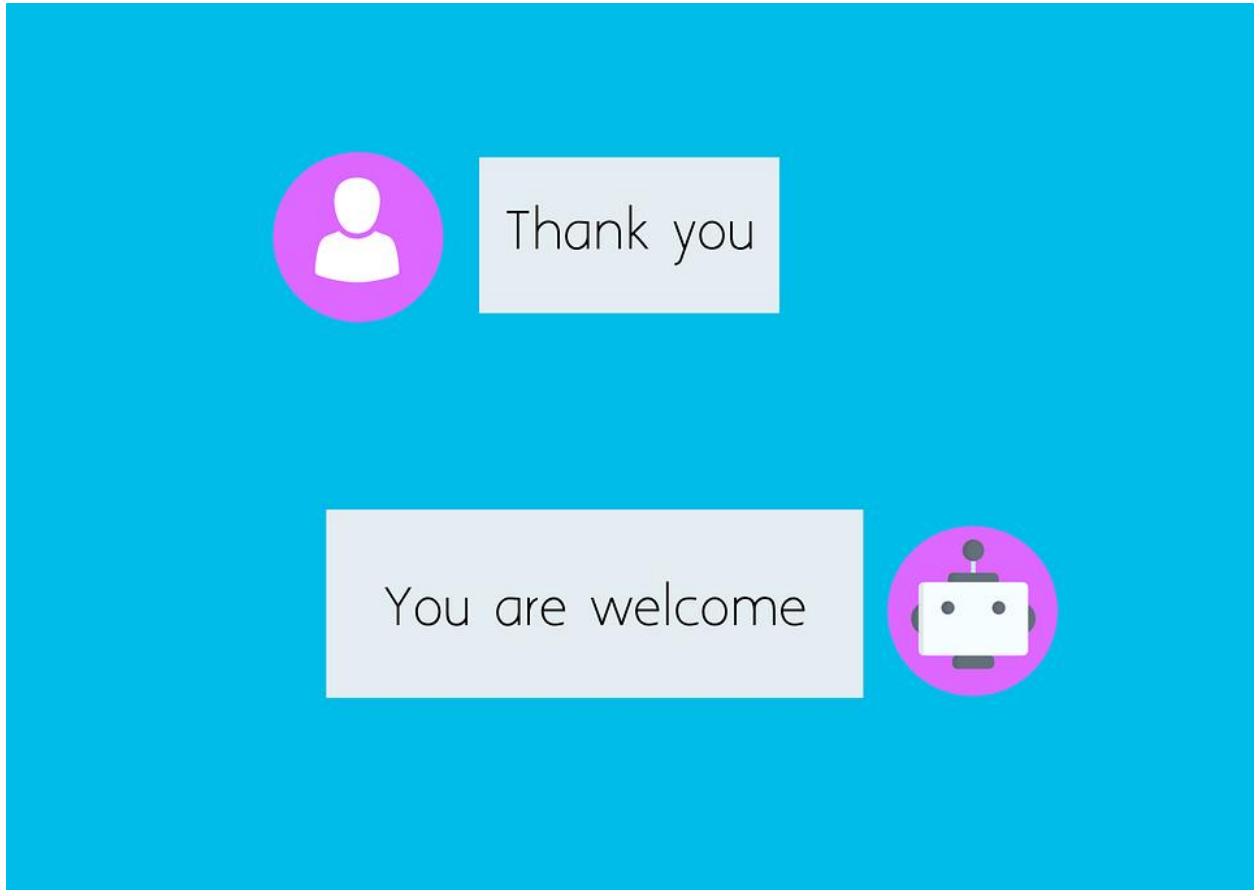
The COVID-19 pandemic has accelerated the trend of remote customer service. Businesses must continue to adapt to provide remote customer service through outsourcing to third-party providers who can handle customer service interactions remotely.

Self-service options such as chatbots, online FAQs, and communities are in high demand among customers. Companies must invest in these self-service options to meet customer needs.

The Value of Outsourced Customer Service

Outsourcing customer service continues to be a vital strategy for companies looking to save costs, access a dedicated customer service team, increase flexibility and stay ahead of the curve with the latest technology.

As technology advances, the use of AI and machine learning in customer service will become more prevalent, and companies should look to outsource their customer service operations to providers who have the expertise and resources to leverage these technologies effectively.



It is undeniable that outsourcing customer service is a key factor in improving efficiency and maintaining a competitive edge in today's business environment. Companies that fail to take advantage of the benefits of outsourced customer service will fall behind their competitors.

Where to Outsource Customer Service

Outsourcing customer service is a proven strategy for companies looking to improve customer service and reduce costs. Successful companies from various industries, such as Dell, American Express, GE Appliances, Cisco, and Vodafone, have all successfully outsourced customer service, and this demonstrates that outsourcing customer service is a viable solution.

Tactical Telesolutions (TTS) has extensive experience in providing [top-notch customer service](#). We customize our services to meet the unique needs of our clients and

customers, employing various applications such as EPIC, Oracle NetSuite, SFDC, Zendesk, HubSpot, SharePoint, and SFTP.

Our services include, but are not limited to:

- Managing and scheduling appointments
- Sending reminders
- Providing services in multiple languages
- Making outbound calls
- Handling customer complaints
- Processing orders, refunds, and returns, and managing inbound inquiries that come in via email, chat, or form systems.

Get in touch with [Tactical Telesolutions \(TTS\)](#) to learn more about how we can partner for more effective customer success.