A critical path for e-commerce firms

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Introduction

When it comes to managing customer relationships in the e-commerce sector, the stakes have never been higher.

The move toward online buying has meant opportunity for e-tailers, but it has also placed significant pressure on customer management functions within these organizations. In the view of many, a key means to alleviate this stress is to work with an outsourcer that specializes in CX delivery.

However, while working with an outsourcing provider certainly carries great advantages, it is not always the right choice for e-commerce players.

This document aims to educate e-commerce operators on what to consider when deciding if they should work with a third-party for their customer management needs.

Is outsourcing the right approach?

Customer management has been outsourced for over two decades. Still, the idea of passing a portion of their CX functions to a third-party partner may be unfamiliar to e-commerce firms, especially newer ones.

The opportunity created by moving some or all customer management services to a third-party can entail a range of positive results, most notably:

+ The ability to focus on the e-commerce provider's core commercial functions – selling goods and services online

+ The chance to work with an organization that makes strong consumer interactions the core of their business model.

+ Access to the best CX technology tools, agent representatives, and processes

However, there are also elements that e-tailers should weigh carefully, as it could sway them to maintain customer management operations within their own organization, such as:

+ Lingering legacy perceptions of outsourcing as a lower quality way of running CX

+ Concerns over loss of control of end-user relationships

+ The possibility that outsourcing may run contrary to the e-tailer's corporate culture

Clearly, there is a great deal for an e-commerce executive to contemplate when choosing whether outsourcing is the right choice. The following section outlines the most important considerations when making this decision.

Key factors to consider when assessing outsourcing CX in e-commerce

There is no one-size-fits-all formula for choosing whether to use an outsourcer for managing CX. Rather, e-commerce executives need to keep the following considerations in mind when formulating this decision.

Company culture – a major factor that e-commerce executives must think about in their decision to outsource CX is their firm's approach to third-party partnerships. While this business model works for many e-tailers, it is not universal. Ultimately, some firms choose to keep different business processes in-house, including customer management. The organization's appetite to work with outsourcers needs to be a primary consideration when choosing to outsource or not.

Access to CX communication platforms – today's online consumer wants to interact using a variety of channels and expects e-commerce firms to have these mediums in place. However, for many in this vertical, keeping pace with changes in how consumers communicate can be confusing and costly. Invariably, some e-tailers will stick with what they already have in place, even if this makes them less responsive to their buyers. If an e-commerce provider is unwilling to make the needed investments in this regard, then working with an outsourcer that offers these different channels may be a good option.

The advanced technology imperative – e-commerce requires advanced CX platforms such as analytics, artificial intelligence and automation. Knowing the end-user and being able to best position the right products or services to them in a seamless, automated manner means more selling opportunities, not to mention cost efficiencies. With these platforms constantly evolving, figuring out the right path can be daunting. An outsourcing partner with these technologies in place can act as a trusted guide, while providing access to these solutions without capital investment.
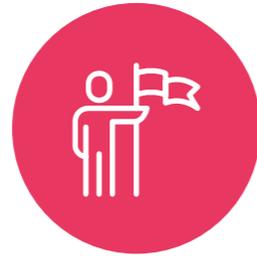
Agent management – research from Ryan Strategic Advisory indicates that agent-related issues, including training, recruitment and retention, are among the biggest and most costly challenges for e-commerce contact centers. Some e-tailers may worry that working with an outsourcing partner may cede some control of their relationship with end-users. But, such a move takes the pressure off their own internal CX operations by vesting it with a player that has the experience needed to adeptly manage this human resource dynamic.
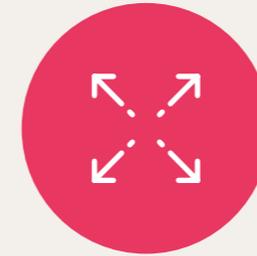
The ability to scale – e-commerce operators are highly vulnerable to seasonality, with heavy spikes in demand for consumer support at various points of the year (such as Mother's Day, Easter, Passover or Christmas). The logistics of ramping up and then down a team of agents can be chaotic and costly for an e-commerce captive contact center. But, working with an experienced outsourcer can take the stress out of this agent management quandary.
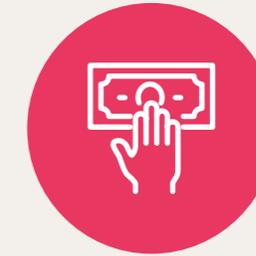
CX investment capacity – as indicated above, in order to be relevant to consumers e-commerce operators need to ensure that they have the best technology, processes and people in place when running customer management functions. However, according to the latest Ryan Strategic Advisory research of enterprise buyers, 3-in-5 e-commerce CX departments anticipate their budgets will stay flat or decline going into 2022. This makes investing in core contact center elements a pipe dream for many firms in this space. If an e-commerce operator lacks confidence about its budget flexibility, this problem could be mitigated with an outsourcing partnership.

Conclusions

E-commerce operators want to maximize customer relationships, and at the core of this is a strong CX offering. Yet, many e-tailers are unable to invest in the most strategic facets of customer management. By working with an outsourcing partner, e-commerce firms can plug these gaps. No e-commerce firm that wants to grow its selling platform can afford to be without the best in communications mediums, advanced technologies, and skilled agents. Provided that the e-commerce operator's culture is driven by partnerships with quality-driven third parties, the outsourced model may indeed be the way to go.

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