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Tel: +44 (0)15395 65450
Email: enquiry@intersperience.com

Dial S for Service

Despite advances in technology, young consumers prefer to use the humble telephone to reach their favourite brands

Phone trumps Facebook chat – for now

Young consumers are often portrayed as self-contained Facebook addicts who only communicate by text. If true, it should be very easy for companies to reach them with a few clever viral campaigns and self-service customer help desks – so why isn't it?

The main problem is that the stereotype outlined above does not fit the reality. If anything, the customer behaviour of teenagers and young adults is more akin to what we traditionally associate with over-25s.

While texting and Facebook are the preferred tools for communicating with friends and relatives, the phone is actually more influential with them in purchasing decisions and a strong personal interaction with a company has a huge impact on the brand loyalty of the younger audience.

In short, reaching young consumers requires use of more communication channels, not less. The goal of customer service for Generation Y must be constant and instant interaction. Plus, each of these channels must be state-of-the-art.

However, a key finding of our Future Consumer study is that young and older consumers interact with brands in broadly the same ways: when dealing with companies, for the foreseeable future at least, we all prefer the telephone and email.

Clearly, social networking sites (SNS) are becoming increasingly important because, according to many of those we questioned, "it is the first thing [they] use" – but it is significant that they are referring to their personal lives, not necessarily for communicating with organisations.

So let's have a closer look at the figures from our Future Consumer research and analyse what they tell us.

In general, one in five people communicate through mobile instant messenger

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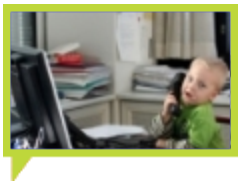

Customer contact preferences deliver mixed signals

'Now culture' breeds demanding customers

Under -18s are masters of data backups

and, as a rule, texting increases with age. However, the phone is still the most popular communication tool among under-18s: seven out of ten like to call and 71% text their friends and family.

Inevitably, Facebook is growing in importance. It is the favoured means of communication for 58% of those questioned, which is 8% higher than email. This is especially true of the 12- to 14-year-old age group.

However, this usurping of email still has some way to run. It remains the preferred channel of contact with a company for 38% of under-25s, far higher than any of the alternatives. Interestingly, the figure for over-25s is a very similar 42%.

Email is popular among under-25s for corporate communications because it acts like a filter. Whereas they are comfortable about being public property with their “friends” on Facebook, email allows them to be more discerning about who to let into their world.

They would see no reason to be shy about pictures of them having fun on holiday, but they know the value of their email data to marketing departments and it is almost as if they are forcing companies to work harder to get to them.

However, when under-25s latch on to an organisation they like they will tend to communicate with it much more than older consumers – and when this bond of trust is established they will want to use all channels, from video chat to Twitter.

Online channels such as social networking are more likely to influence purchase decisions for under-25s than older consumers. Around 60% of the younger generation find browsing the internet a fun way of killing time which makes them more likely to be influenced by product suggestions or well-received products or services on review sites.

Nevertheless, and despite under-25s being savvy with technology, the use of the traditional channels of phone and email has a positive influence on the impression of a company three times stronger than the use of newest technology.

Around seven out of ten under-25s say how they are spoken to and the way they feel they are treated is very important when dealing with companies. Phone and web chat gives them a feeling of being looked after and one-to-one attention.

However, the good impression that can be created can also be fragile. Too much contact irritates, especially unsolicited sales calls. This might explain why around 30% of consumers try to have minimum contact with companies.

As a general rule, a broad range of communications from a company across many diverse technology platforms can positively influence under-25s more than it does the older generation.

So, that self-absorbed addiction to Facebook and texting so common in the stereotypical view of the young, far from being an alienating barrier to the outside world, can actually be exploited very effectively to win over the future consumer. Just remember to call or email first.

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Tel: +44 (0)15395 65450
Email: enquiry@intersperience.com

Opposing tensions

Research highlights tricky juggling act of pleasing customers in a multi-channel environment

Customer contact preferences deliver mixed signals

Does the advent of social media and an increasing choice of communication channels for customers hold any good news for companies?

Absolutely. For marketing directors, the aim is to create engagement with the brand. The more they can achieve this, the better, hence the proliferation of Facebook fan pages and corporate Twitter accounts which increase opportunities for the brand to engage with consumers.

Our research project 'The Future Consumer' has encouraging news for marketing teams because it found that customers, especially under 25s, want to interact with brands more. On average, young people said they have interacted with brands about 6% more than over 25s in the last year. We found that multi-channel consumers interact with brands more as a result of having increasing channel choice and communication opportunities.

Our research shows that we are very much in a multi-channel contact environment and that customers clearly want a choice of contact channels so they can decide which to use depending on their needs or situation and even to a degree their personality type.

What challenges are posed by a multi-channel environment?

There can often be very different and competing drivers within the customer service and marketing areas of an organisation and this poses a particular challenge.

Marketing success will be measured in terms of increased engagement, so encouraging customers to embrace new channels (whether it is to follow a brand on Twitter or to become Facebook fans) frequently forms part of a multi-contact marketing strategy which creates more touch points for customers.

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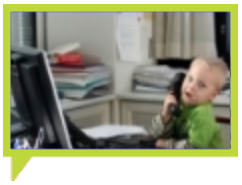

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However, from a customer service perspective, success lies in balancing two things: increasing customer satisfaction but also in doing it in the most efficient manner at the lowest possible cost.

Multi-channel consumers want more, not less, communication with brands and the key challenge for customer service is that this communication comes across all channels, traditional ones such as voice, as well as new channels such as social media.

There is no evidence in our report that customers are substituting voice calls with email or social media contact. The demand for voice not only remains strong, but it is as strong among under 25s and even under 18s as it is among older consumers. So as we add new channels, the old ones don't go away and there is clearly a cost implication in resourcing all these channels.

How can businesses reconcile a desire to switch to new lower cost channels with consumers' demands for a choice of both old and new channels?

There is a real challenge here. There was a general expectation that newer, lower cost-to-serve channels, would to some extent have replaced much more expensive ones such as voice by now. In reality, organisations are adding new channels but still retaining old ones which means they must support multiple channels. Meanwhile, customers are becoming more demanding and want to swap communication channels at will. This means that the customer experience has to be seamless across channels which requires integrated and management information systems and multi-skilled agents - there are clearly cost implications.

In the future, complexity and cost are likely to increase so customer service departments must evolve very rapidly. This must start with a realisation that mass migration from traditional channels to new ones is wholly unlikely. Businesses need to create new service models that embrace flexibility. They also need to understand how customers use each channel and when and how to leverage each in order to derive maximum benefit. Our latest research provides significant fresh insight on these points.

What are the prospects of resolving internal conflict within organisations over customer contact strategy?

It must begin with a common agreement across an organisation that customer contact is unequivocally a good thing. This has to lead to a resolve that customers must enjoy the best possible experience regardless of which contact channel they use because there is a clear causal link between purchase decisions and the quality of a customer's interaction.

A change in mindset is required so that business leaders cease to equate contact purely with cost and acknowledge and measure the wider benefits that engagement brings. A holistic approach which keeps the customers' needs and desires firmly in view can give rise to a new contact model which is more apt for the consumer of the future.

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Channel choices

Multi-channel contact results in more complex relationships between businesses and consumers

'Now culture' breeds demanding customers

Building brand engagement in the Digital Age requires a multi-channel approach but achieving a uniformly positive customer experience across all channels is challenging, which has left businesses struggling to satisfy increasingly demanding consumers, according to our new report 'The Future Consumer.'

The research project (which involved 1,300 participants in the UK ranging from age 18 to over 65) explored how communication channels are used by customers today and which channels and customer service interactions are the most influential in building brand perception. The results provide new insight on current failings in service and engagement and offer pointers on effective strategies for dealing with customers of the future.

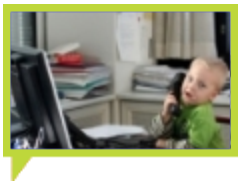
We found that generally there is decreased satisfaction with customer service in the UK today, despite the significant level of innovation and sophistication with which organisations are tackling contact channel strategies.

Delving deeper, it became apparent that organisations are currently grappling with two different but interlinked and critical issues. Firstly, it is clear that contrary to general expectation, overall customer contact volume continues to rise in a multi-channel environment. There is little evidence of channel substitution as new channels are introduced and the resulting proliferation in contact often leads to resource issues, among other difficulties.

Secondly, but of equal importance, the emergence of the 'Now Culture' means that organisations must now meet the service expectations of a generation of consumers which has grown used to instant gratification and will not accept anything less. These expectations have been shaped by their experience of being constantly connected, whether via the internet or mobile phone, or increasingly from the confluence of both via smartphones.

It takes just seconds for someone to get a response to a query on a search engine - and that level of speed and responsiveness has set a new benchmark

Phone trumps Facebook chat – for now



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for consumers who increasingly (however unrealistically) are now hardwired to expect a lightning fast, super efficient response from every interaction with a business or service organisation.

In reality (and owing to a complex interplay of factors, practical attitudinal and economic) few organisations achieve this. Consequently, the majority of current multi-channel customer contact and service systems have an almost inbuilt propensity to disappoint rather than delight consumers.

In simple terms, speed matters - 78% of people we questioned rated speed of response as very important. It is one of the top three expected traits of interaction with companies, ranking equally important with how customers are treated and spoken to by agents. Importantly, the greater focus on speed is still accompanied by a desire for quality of contact and a personalised experience.

If you compare levels of anger over customer service in the UK in the last 9 years, you will see a fairly steeply rising curve, from 15% in 2003 to 27% in 2011. The backdrop, and indeed a major contributing factor to this has been the increasingly pervasive influence of the 'Now Culture' as well as a proliferation of multi-channel contact methods.

Our research suggests that unless businesses can deliver a uniformly positive customer experience across all contact channels, they risk losing not only the goodwill and trust of their customers, but ultimately their custom. On top of this, there is the risk of wider brand 'contamination' as dissatisfied customers are highly likely to share negative experiences with their peer group and to do so in a public way via channels such as social media sites.

The increasing availability of channels to communicate and feedback with organisation has meant that customers have much greater access – and at all times – to companies.

Furthermore, as customers seamlessly and comfortably move between channels (using whichever channel is most convenient to them at that time or which most suits their purpose) it puts the onus on organisations to formulate a 'joined up' response, with integrated management information systems across channels. In reality, many organisations are playing catch-up when it comes to channel integration, giving rise to falling satisfaction.

Brand perception is influenced by many moments of truth at different touch-points across an organisation. Our project revealed that the opportunity to create better brand engagement is actually three times stronger via traditional contact channels such as the phone than via new channels, emphasising that companies would be ill-advised to attempt wholesale substitution of phone contact with other newer channels.

Overall, although phone is still a dominant choice of channel (closely followed by email), we expect call volumes to diminish over time as new channels morph into traditional channels, as happened with email. Moreover, we contend that total volume of contact will continue to rise in a multi-channel environment, which means customer contact will remain a complex issue with which businesses must wrestle for the foreseeable future if they are to rise to the challenges presented by the 'Now Culture."

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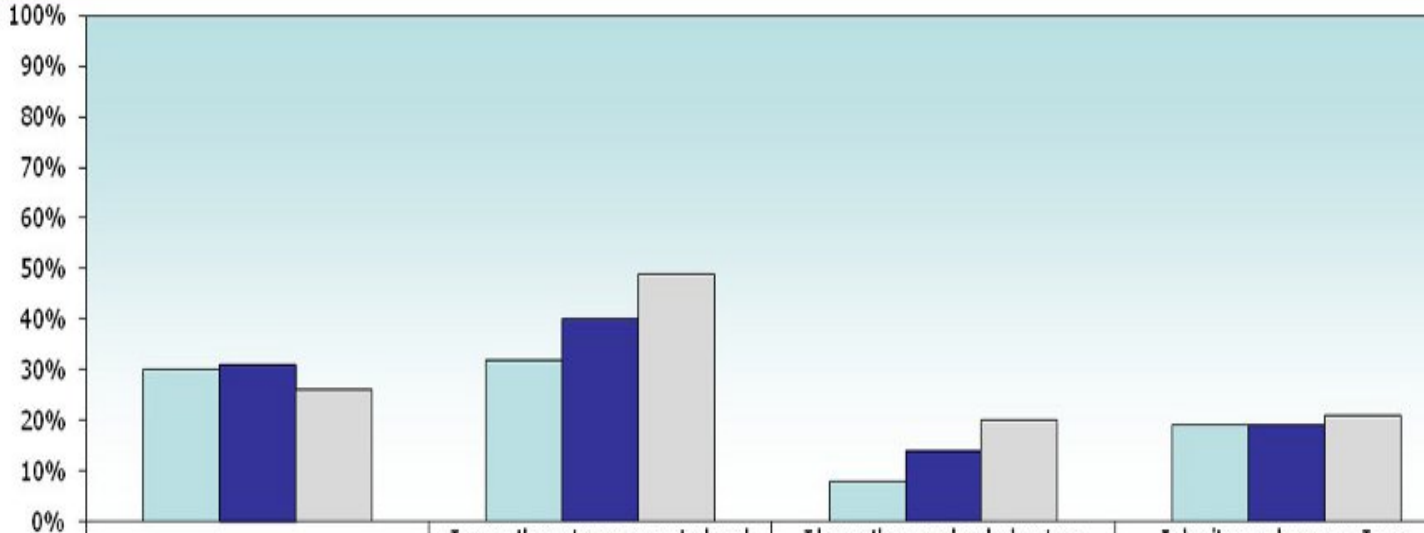
Security conscious kids

Kids prove they are switched on when it comes to managing personal information on computers

Under -18s are masters of data backups

Under-18s are proving to be among the most savvy internet users when it comes to managing personal information on their computers. One-third of youngers aged 8-11 regularly copy their data on to separate hard drives to keep it private and the figure rises to almost 50% by the time they reach 1 column two above). Some 20% of 15- to 17-year-olds say they upload data to specialised websites, indicating their faith in internet security and virtua storage as well as their ability to protect their most important files. As a result, one-fifth of respondents do not worry about losing files because they k they can download them again.

35% of under 18s are not worried about losing their files



	I save them on a CD	I copy them to a separate hard drive	I have them uploaded onto a website	I don't care because I can download them again
8-11 years	30%	32%	8%	19%
12-14 years	31%	40%	14%	19%
15-17 years	26%	49%	20%	21%

*Multiple choice question: does not add up to 100%

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