

# CAPITA

Customer

conversations

A research report understanding  
how and why customers want  
to talk to us

“A good customer service interaction is simple, it is resolved quickly, they remember you and take note of what you are saying.”

“Sometimes it’s just the person – if you can tell they’re interested in their job that makes a big difference.”

“I can tell if they're reading off a script, I don't feel listened to.”

“For me, it’s about doing what you say you’re going to do. I don’t mind them not being able to solve an issue, so long as they tell me they’ll look into it, promise to call me back and actually do it.”

**The way people interact is changing rapidly. Digital technology is disrupting consumer behaviour and, at the same time, driving increased customer expectations. For most organisations, it is no longer enough to rely on phone or email: customers want to see innovation – even if they don’t want to use it.**

The telephone once revolutionised customer service; today online chat bots, social media and email are already demonstrating they have that same transformational power. And this change is of paramount importance to all businesses, because getting it wrong can have a devastating impact on the bottom line.

Capita has produced an in-depth set of quantitative data, coupled with qualitative interviews and analysis, to demonstrate the way consumer-business conversations are evolving.

We wanted to understand the decision making process behind customer engagement – how do customers choose their method of communication, what are their common frustrations, what does a typical customer journey look like – and what does the customer think of that journey?

There is without doubt a diversity of attitudes that exists among consumers about how they want to interact with different businesses, and why. This information could prove vital in helping our clients understand how to invest in their customer service provision to get each valuable journey right, from start to finish.

#### The objectives are to:

Provide a greater understanding of cross-channel contact preferences and behaviours

Understand customer expectations from customer contact channels and options, and how this may vary between public and private sector organisations

Determine the importance of providing a 'one-conversation' experience across multiple channels

Assess the extent of, and desire for channel hopping

Develop the assertion that 'one-conversation' customer support adds to customer loyalty and lifetime value

The following report is based on a quantitative survey of 2,000 nationally-representative people who have contacted at least one organisation in the last six months, alongside two two-hour qualitative creative workshops, each with eight participants, which provided a rich insight into the needs, attitudes and behaviours of audiences in relation to cross channel customer engagement.

In addition, we were able to “shadow” agents at about half a dozen major organisations which have a reputation strong customer service reputation, spanning a number of sectors including online and high street retailers, media companies and FTSE 50 companies. To do this, we used “spy glass” screen monitoring and telephone shadowing to analyse where customer journeys were working well, note feedback from customers themselves, and give an in-depth, qualitative analysis of a successful omni-channel experience.

# The fundamentals of customer service

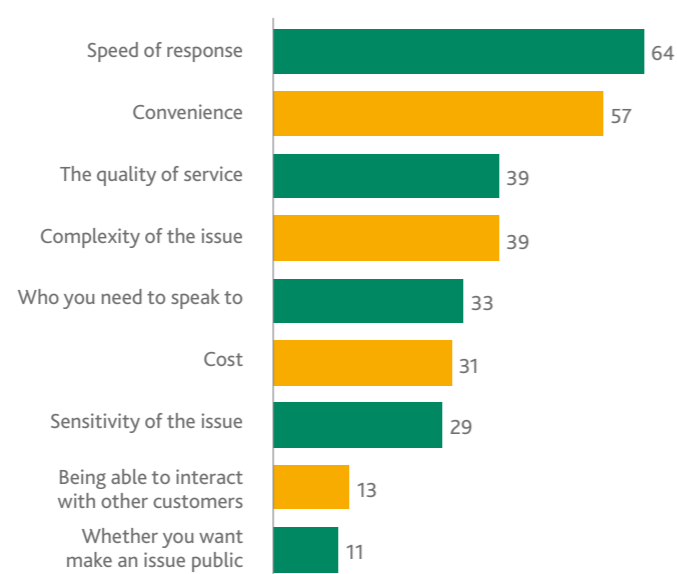
It will hopefully surprise no-one that the effects of bad customer service can have an enormous knock-on impact on an organisation. Our statistics revealed that **86% of people will re-evaluate their relationship with a business if they experience bad customer service** – an overwhelming number which would obviously have ramifications for customer retention, reputation and profit. **72% say they are likely to leave if they receive a slow resolution or no resolution at all.**

Conversely, it's important to consider the benefits of good customer service. It builds relationships, makes customers sticky, and can dramatically impact reputation among potential customers: people will choose to give their money to an organisation where they know their problems will be solved well.

Customers will almost never contact an organisation through choice. They are simply trying to resolve a problem quickly and efficiently, and they expect businesses to be able to meet their needs with minimal disruption to their time.

The issue of 'the customer's time' is an ongoing thread in these results. For example, choosing the right channel in order to meet this goal is crucial to the customer. Speed of response was cited by 64% of people when asked why they chose a particular channel, followed by 57% who said convenience. Both of these significantly outranked quality of service, which was mentioned by 39% of people, suggesting customers just want the job done quickly – they are less bothered by niceties when it comes to engaging with organisations.

## Reasons for choosing a channel (%)



It is also important to consider that different channels might naturally have different levels of customer satisfaction, for different reasons.

Among those using different channels, satisfaction across all areas is highest with face to face interactions, however live online chat is strong for speed of response.

But the research revealed a key set of frustrations people want to avoid when they have to contact an organisation regardless of which channel they use. This can be used to inform a set of best practice recommendations to help brands and service providers get the fundamentals of customer service right:

### Lack of knowledge:

- Not seeming to have a strong understanding of the product / service / offering
- Reading off a script

### Lack of resolution:

- Not getting the required answers or solutions first time
- Having to re-contact, rather than brands or service providers taking the initiative

### Inefficient:

- Having to repeat information during the same interaction
- Having no record of past interactions

### Inappropriate tone:

- Rudeness...
- ...but over-familiarity is also as irritating for some

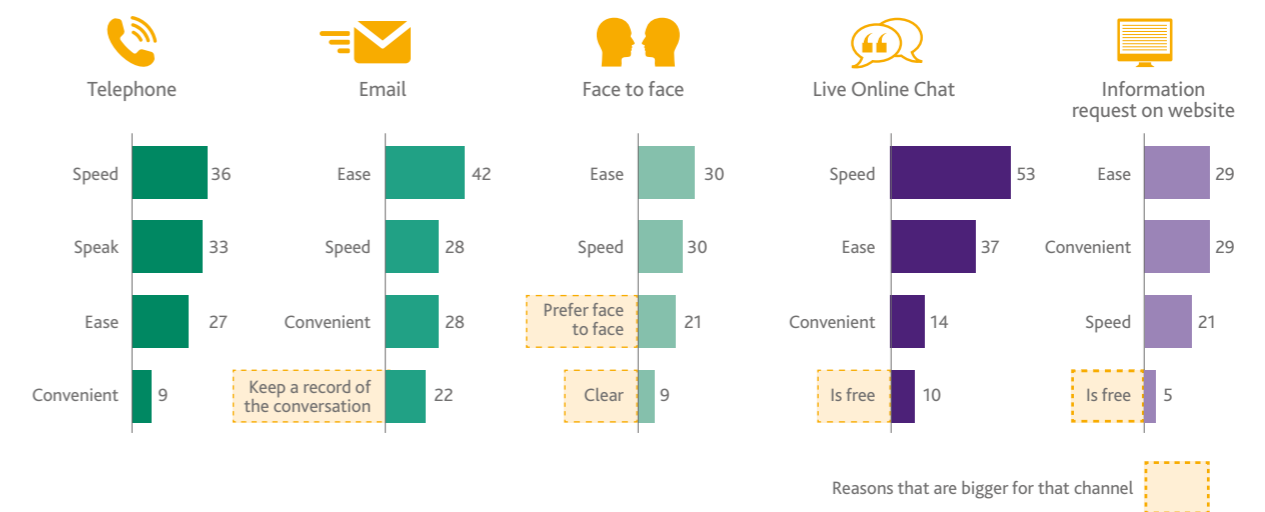
### Slow:

- Being on hold for long periods

### Poor application of tech:

- Inaccurate voice recognition
- Lengthy / circuitous automated options before getting to speak to anyone

## Main reasons to prefer a channel (%)



# Recommendations for best practice

Where poor customer service can lead to churn, good customer service – rather than becoming a hygiene factor – is still a strong point of differentiation for businesses. Our respondents indicated an inclination towards greater loyalty and even a willingness to pay a premium to a company that had a good reputation for customer service. And whilst consumers can agree on frustrations, they also agree on what makes a good customer service experience. There are a number of factors that when brought together demonstrate best practice:

<b>No sales patter</b>  Customers want their own issues to be resolved and not be distracted by being sold other, often irrelevant products or services	<b>Personable and polite</b>  Customers expect the people they talk to, to be personable and polite, without being over-familiar e.g. using first name / conjunctions without asking, or asking too many personal questions unrelated to the issue at hand
<b>Transparent with follow through</b>  Consumers don't mind waiting for a period of time, as long as they know how long it will take to get through to someone – and then having that promise delivered on	<b>Proactive</b>  Ideally, customer contact centres should be proactive – both in terms of posting solutions to issues, but also by following up should a problem not be resolved first time round
<b>Knowledgeable</b>  Customers expect their customer service provider to have extensive knowledge about the product or service which they are providing information on	<b>Informed of your situation</b>  Consumers expect brands and service providers to know who they are and the history any previous interactions

“If it’s automated the options are never right so I have to go for a random option – and then you get passed from pillar to post in order to get to the right department.”

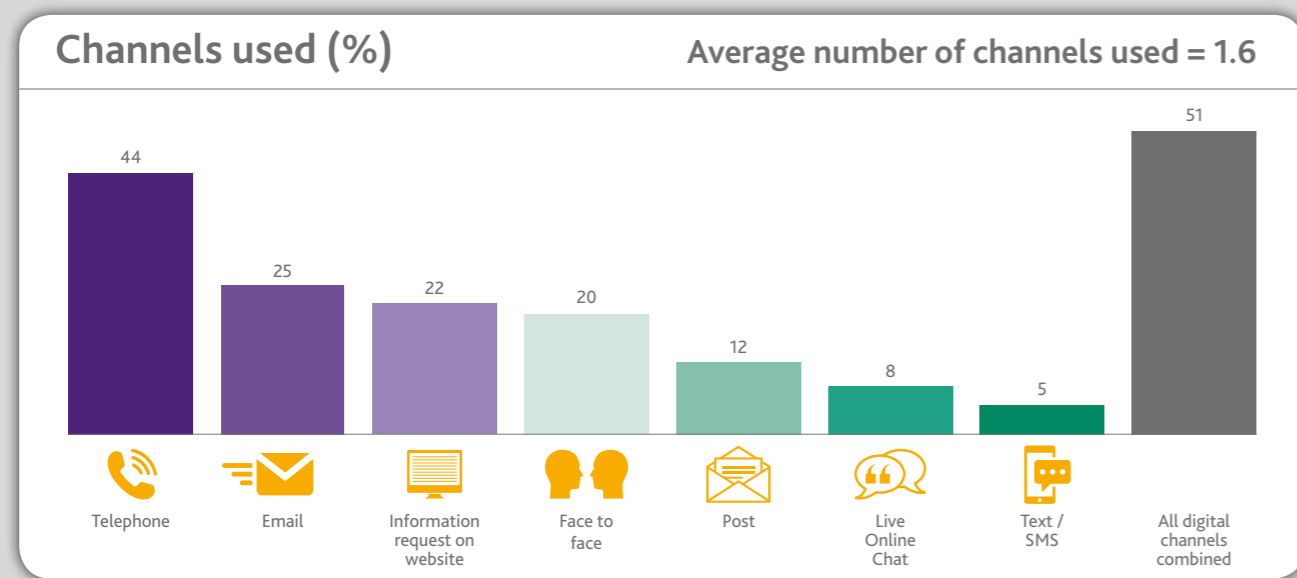
“My supplier is always very polite, so even when the prices go up a bit it’s OK.”

“The more options there are, the more satisfied and valued I feel as a customer.”

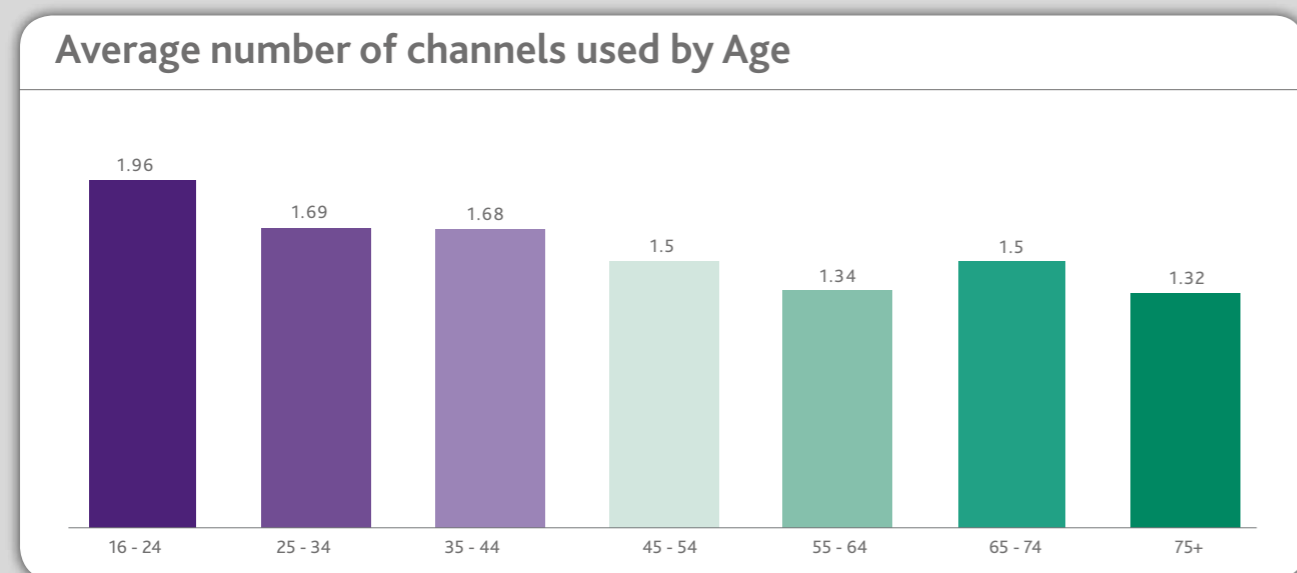
“The guy I spoke to was friendly without being overly familiar. He was very clear and knowledgeable and it just felt like a very positive interaction.”

# Channel expectations

People now routinely expect to be able to make contact with a brand or service provider through a number of different channels. According to our data, the average number of channels used by each customer is 1.6: One method of getting in touch is no longer sufficient to meet customer expectations.



This does vary across age ranges: 16 to 24-year olds used 1.96 channels, compared with just 1.32 among the 75+ age group, but there is no one group which confines itself to just one channel. Additionally, these numbers look set to rise, as more than half of people (51%) told us they were planning to make more use of online channels in the future.

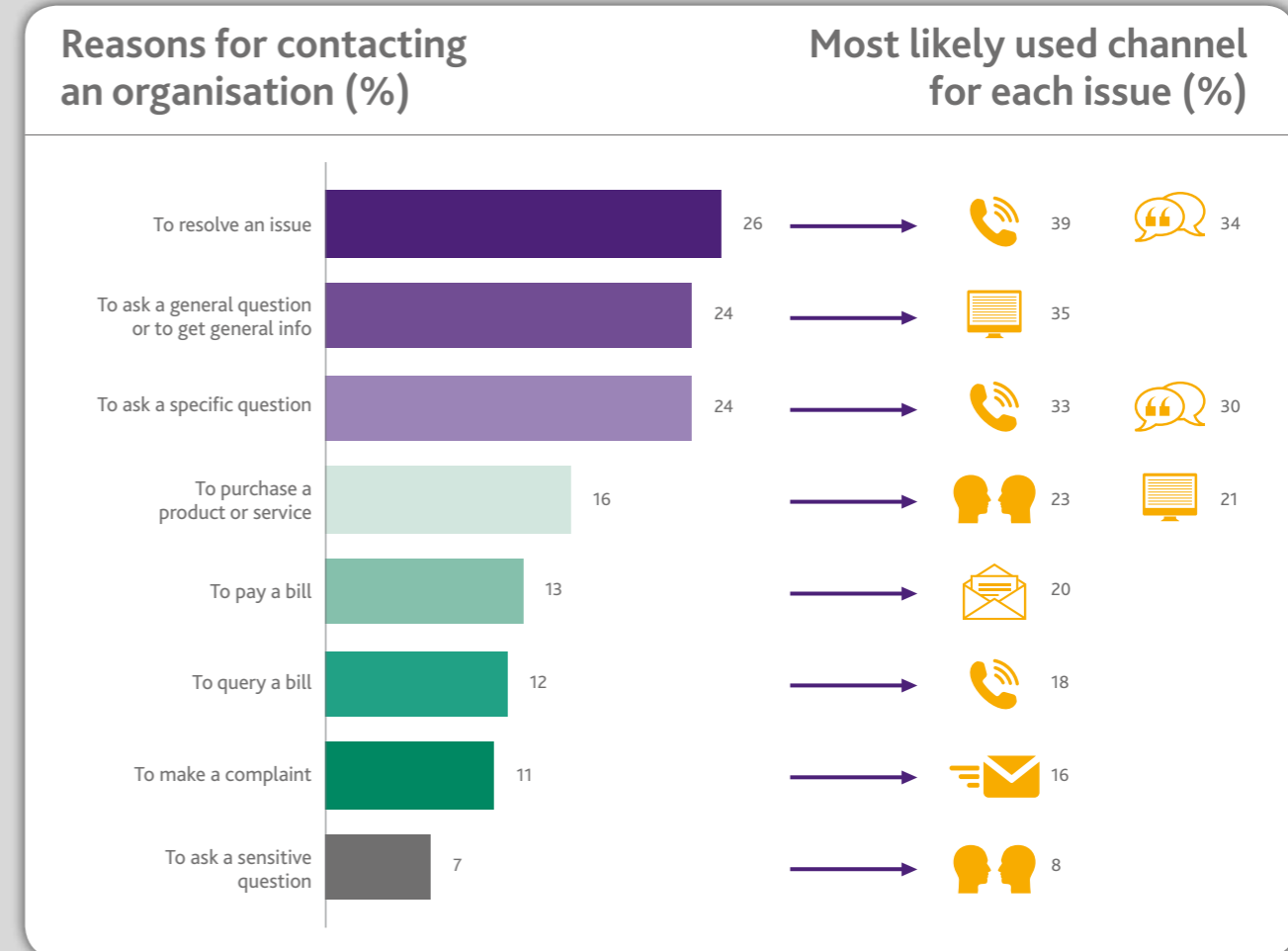


But why do people choose one channel over another? And how do expectations differ according to the organisation the customer is trying to contact?

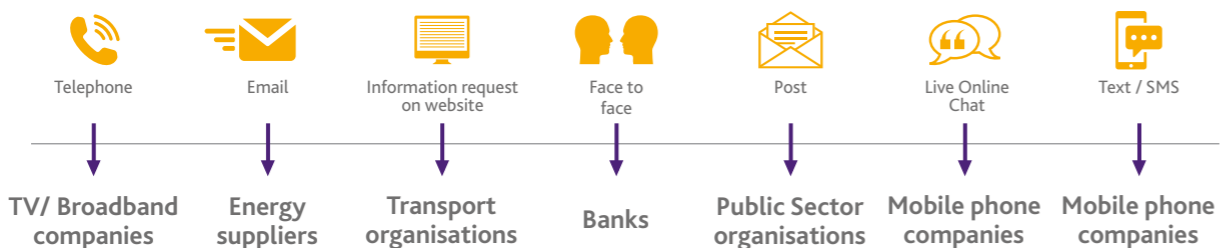
Of the five most preferred channels (telephone, email, face to face, live online chat, and information requests via websites), each had different reasons for being the first choice for consumers. For the telephone and online chat, speed was the main reason, while emails, information requests from websites and face to face were seen as the easiest.

More variants then begin to be revealed, for example 33% of people who choose the phone do so because they want to speak to a real person, while 22% of email users want to keep a record of the conversation. Meanwhile, 10% of people choose live online chat because it's free, but this reason isn't among the most cited for emails or face to face contact.

The type of query also has a significant impact on why people choose one channel over another. For example, where emails are generally seen as slower and useful for general inquiries, they are also the top channel for making a complaint. If people want to ask a specific question, they will pick up the phone or use an online chat service. To pay a bill, people will use the old-fashioned post, but to query it, they will pick up the telephone.



## Organisations more likely to contact using each channel



But investment in these channels is not as simple as knowing which channel is most popular for what type of contact. Surprisingly, people also choose channel according to the sector with which they are engaging.

There is a clear expectation that technology brands, and digitally-led businesses specifically, would lead the way in this field. Hence, people were more likely to use digital methods to engage with media or telecommunications firms.

Conversely, while consumers would love public sector organisations to implement more digital channels, the assumption is that budgets and resource would make this almost impossible and so people are less demanding – indeed many expect to still deal with their local council via post.

Finally we considered potential channels of the future. There is a tangible openness to using emerging technologies such as voice recognition software to contact organisations in the future, particularly among the younger generation. Companies will have to consider introducing these into their communications mix.

## Services would consider contacting an organisation through in future (%)



“Different people want to make contact in different ways. It’s also good for different generations – my mum would always phone but younger people might want to do live chat.”

As we have seen, people now generally expect a variety of ways of getting in touch with organisations, and whether they want to pay a bill, make a complaint or even offer some simple feedback, they want to be offered a number of different ways to make those interactions, for a variety of different reasons.

The benefits to organisations which can truly offer an omni-channel approach are manifold, from higher levels of trust from customers and word of mouth reputation, to the perception of a premium service and stand-out service as a USP.

Ultimately, omni-channel has the potential to impact the bottom line. 61% of people agreed they were more likely to use an organisation they could contact through multiple channels. If omni-channel can drive new customers, it can encourage retention and in the long run, justify a price premium among its loyal customer base.

Omni-channel approaches are therefore absolutely key to getting each customer journey right and helping organisations to offer the best possible service while still delivering return on investment and value for money.

But which ones should you invest in? Does the next generation of tech-savvy, millennial consumers just want to use Twitter to get in touch? Is the telephone dying out as a method of customer contact?

After all, there is also a willingness across all ages to use emerging technologies, such as voice recognition software or AI. 30% of all respondents said they would be open to using any of these technologies, rising to 58% among the 16 to 24 age group.

Again, the answers are not necessarily simple or universal.

## The benefits to brands and services that are able to offer a true omni-channel experience are manifold...

### MARKET LEADING:

“I’d think they were superior to others if they’re investing in new customer services”

### WORD OF MOUTH:

“When you have a good experience you spread the word - tell your friends, your family, your neighbours”

### APPROACHABLE:

“I’d actually contact them rather than put it off and stew over a problem”

### PREMIUM / HIGHER QUALITY:

“It might make you think they’re products or services were better and more innovative too”

### INCREASED SATISFACTION:

“I’d feel comfortable, happy and impressed. Contacting them would be a pleasure rather than chore”

### PROFESSIONAL:

“This would be a very professional company puts the customer first”

### HIGHER LEVELS OF TRUST:

“I’d think it was a caring company that listens to its customers and has its best interests at heart”

### STAND-OUT:

“If you can use innovative customer service as a USP then people will take notice”



# The telephone is still king

The telephone is still the first choice among consumers. While this is particularly true for older people, even young people would prefer to pick up the phone in the first instance. 41% of 16-34 year olds would use the phone as their first choice, alongside 45% of those aged 35 and up.

This may come as a surprise to some organisations, given the impression of reluctance to talk on the telephone that young people generally display in other areas of their lives.

Surprisingly, one in five young people (21%) still use the phone to contact a brand or service provider because they want to speak to a person. This rises to 31% for 35-54 year olds, and 42% for the over 55s.

The telephone is, and will likely remain for some time, the number one choice for consumers for a number of reasons.

The phone is a default starting point for many as it is the traditional way for consumers to contact service providers. Many, particularly older consumers, feel comforted by the familiarity and simplicity as well as the human interaction.

In theory, the phone should be also quick and efficient, as the interaction is happening in real time, and it is easy to clarify issues and avoid misunderstandings.

However, the phone can also be stressful and frustrating – often associated with long wait times, circuitous automated options, and being given ‘the hard sell’.

## The research highlighted a number of issues that exist for most people when it comes to using the telephone:

‘It’s frustrating when I get moved around to different teams whilst on the phone to an organisation’: 89% of people agreed

‘I worry about not being able to understand someone in a call centre’: 76% of people agreed

‘Automated voice recognition systems rarely understand my issue’: 75% of people agreed

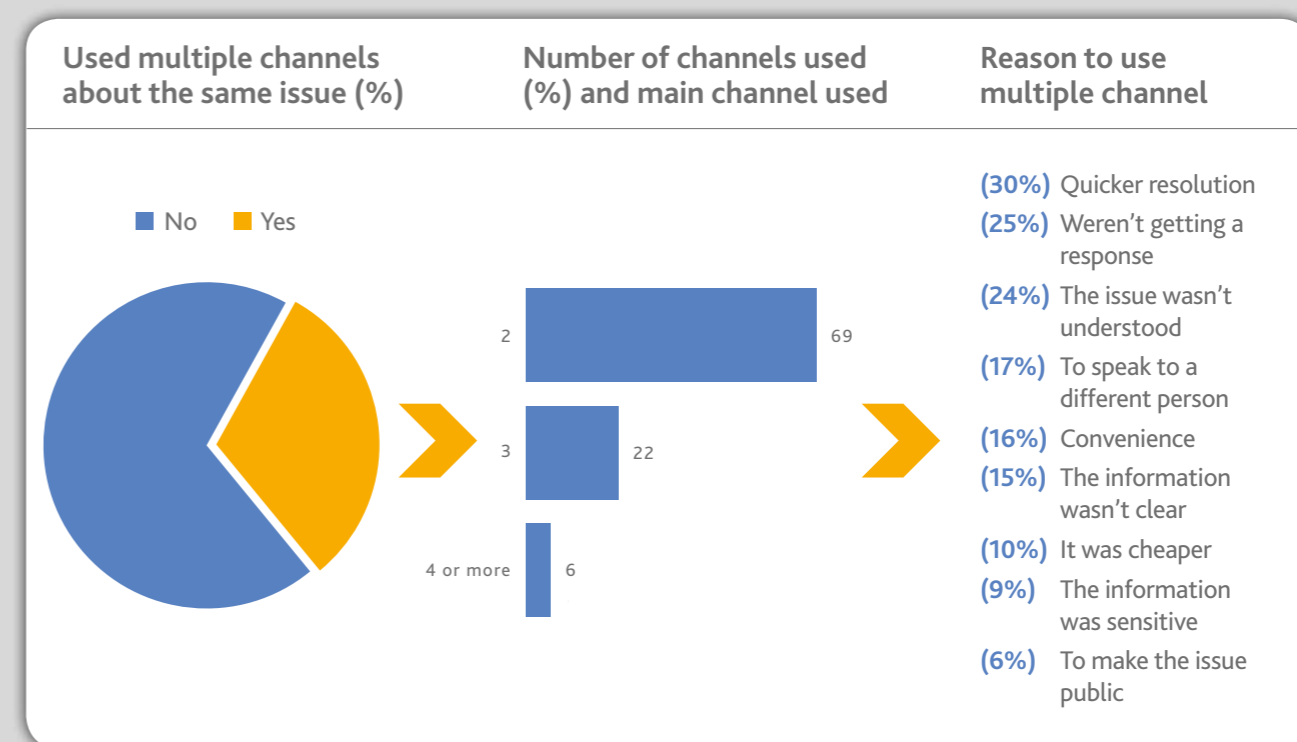
“I call because that’s what I’ve always done. It’s the first thing that comes to mind. It doesn’t mean I like it, or relish the prospect, but at least there is a real person on other end.”

## Relying on telephone alone would be a mistake

If organisations want to stay ahead of the competition with consumers of all ages, our research shows their telephone service must be robust, but it cannot operate alone.

80% of those surveyed said they expected an organisation’s customer service to evolve with new technology, while 77% said they expected to be able to contact organisations through multiple channels.

One in three people is now using more than one channel to raise the same issue. They’re doing this because they hope it will result in a quicker resolution or response, or give them more chance of being properly understood. Worryingly, 25% said they resorted to using a second channel because they weren’t getting a response on the first one.



And while telephone is the starting point for the majority of people (55%), 55% will then go on to use email, 14% will use online chat and 10% will resort to a face-to-face conversation.

So while consumers now expect an omni-channel approach, brands and service providers must be aware that they expect additional channels in addition to the telephone, and not in place of it.

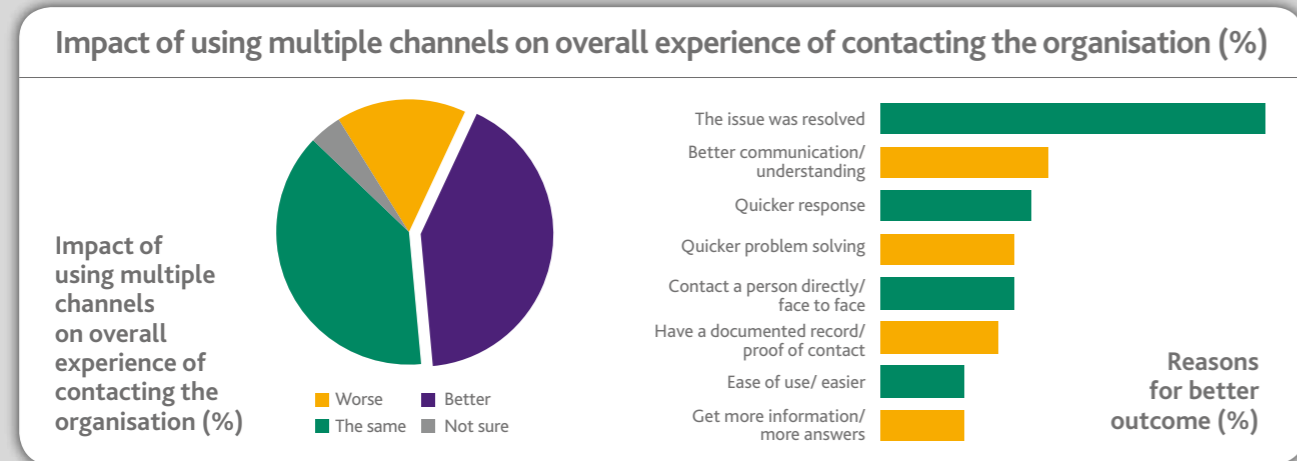
Consumers want organisations to invest in new solutions that support the key principles of customer service: speed, efficiency and simplicity. But this must not be done at the expense of traditional channels, and most importantly it must not be perceived as a cost cutting measure, rather a genuine attempt to make customer journeys simpler and more efficient.

As we have seen, simply investing in better online chat services, setting up a quicker email response system or engaging via social media may not be enough if a brand or service provider is to truly exploit the best possible customer experience for their individual consumers. There are nuances which need to be considered in each case.

Organisations need to understand why customers use more than one channel at a time to get a response, and why they choose a specific channel. For example:

- Live Online Chat is seen as a convenient and flexible tool that fits in with busy lifestyles; it has a big skew towards the young for usage. It feels natural and familiar to young people and can feel less stressful.
- Email is implemented in more serious interactions, where a paper trail is warranted. It is more formal, and is often used to escalate an issue.
- Social media is used by a minority to make an issue public and force a resolution. Shaming a brand in public can be seen as more likely to elicit a response, but the result will be direction to another channel – social itself isn't a problem-solving channel.

Omni-channel approaches themselves fall down if the service is not seamless across all channels. Key among the frustrations is having to provide the same information multiple times to different people when consumers get in touch via more than one channel – 89% cited this as a key concern. Using more than one channel also appears to have varying success rates: 58% of people said they received an inconsistent service when they used multiple channels. And while 45% of people said using more than one channel resulted in a better response, 16% said it actually made the experience worse.



But in order to get omni-channel right, all organisations need to bear one essential starting point in mind: speed. Yes, it comes back to the customer's time. For more than 40%, contacting an organisation through multiple channels improved the experience, mainly because it got the issue resolved. The channel itself is a means to an end, what's most important to consumers is that multi-channel helps resolve the issue quicker.

If each organisation is able to take this starting point and assess which channel might help them most – whether it's investment social media, the development of AI, or simply more agents available on telephones backed up by an effective email system, they are likely to be able to configure an omni-channel approach which best meets the needs of their customers.

We all know customer service is crucial, and the impact of a bad experience can be deadly for a consumer's relationship with a provider. As our research has shown, the telephone may always be number one to drive effective customer service, but it can no longer function alone and today's consumer has a high expectation that they will be able to contact an organisation from a number of different channels, at any time and from any place.

To stay ahead of the game, brands and service providers across sectors must be looking at innovative ways for their customers to engage, complain, give feedback, and resolve queries. A range of technology exists and is rapidly evolving, but organisations need to understand their customers' expectations first to find the right omni-channel solution.

There is no one size fits all solution – either for customers or brands. The context of a conversation is essential. Live online chat might be best for a major retailer, but is that the right way for people to get in touch with their local council to report a pothole?

And finally time. Again and again this research has highlighted that minimising the disruption to the customer is the most important aspect of customer service. Solve the problem quickly, solve it efficiently.

Getting these basics right and understanding the nuances behind each channel is the first step in helping organisations pinpoint the perfect omni-channel solution for their needs and their customers' expectations.

## About Capita Networking Solutions

Technology is transforming the way we communicate. Capita Networking Solutions is at the forefront of that change, working in partnership with our customers to help them change the conversation, using technology to build relationships, develop loyalty, empower staff and deliver tangible results for their organisation.

**At Capita, we are helping conversations happen.**





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