Communication Cut-through

An Adare SEC Voice of the Consumer report

Adare SEC

Contents

Introduction

The ongoing legacy of the pandemic, the cost-of-living crisis, a sharper focus on environmental challenges – all of these factors combine to create today's unique social and economic climate. This is the current backdrop to any decisions made by UK consumers, and taking a barometer reading of the attitudes and expectations of these consumers, at this precise time, feels essential.

In our previous report we explored the thoughts and opinions of business leaders and decision-makers – specifically homing in on issues relating to the management of customer communications. This report keeps the spotlight on communications but switches the attention to the consumer.

What do consumers – your audience – feel about the way in which you communicate with them? And has the current climate altered behaviour patterns or projections?

The report uncovers many headline findings, but the overall message from consumers is clear. In challenging times, there is simply no tolerance for inflexible service. The onus is on businesses and the public sector to communicate and perform in a way that works.

By capturing the voice of the consumer – right now - this report delivers a vital and timely steer.

Tony Strong, CEO, Adare SEC

Methodology

Adare SEC commissioned independent market research specialist Vanson Bourne to undertake the research upon which these findings are based. A total of 2,000 consumers were interviewed in November and December 2022, in the UK. Respondents had to be aged 18 or over and the sample was nationally representative by age and gender. The interviews were conducted online and were undertaken using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated, the results discussed are based on the total sample.

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Key Findings

80%

of consumers say they are less tolerant of poor customer service than EVER before

40%

of consumers say the ability to speak on the phone is the most important factor to them when they have an urgent query

80%

of consumers say they would be put off using an organisation that offered ONLY digital interaction

44%

of consumers choose to receive more digital communications than they did before the pandemic

There is no such thing as channel loyalty

52%

of consumers expect to be using a different channel of communication for enquiries with organisations in 3 years' time

A remarkable

32%

of consumers agree that the sustainable footprint of a business is now as important as the price of product or service

The utilities, local council and retail sectors are perceived to be most in need of improving their sustainable ways of operating

The use of customer self-service portals is most prevalent in the banking sector, with other sectors playing catch-up

Time to Ace the Service Game

Any business underplaying the impact of today's social and economic climate on consumer expectations and behaviours should think again. The picture couldn't be clearer. This report comes at a time when 80% of consumers say that they are less tolerant of poor customer service than ever before.

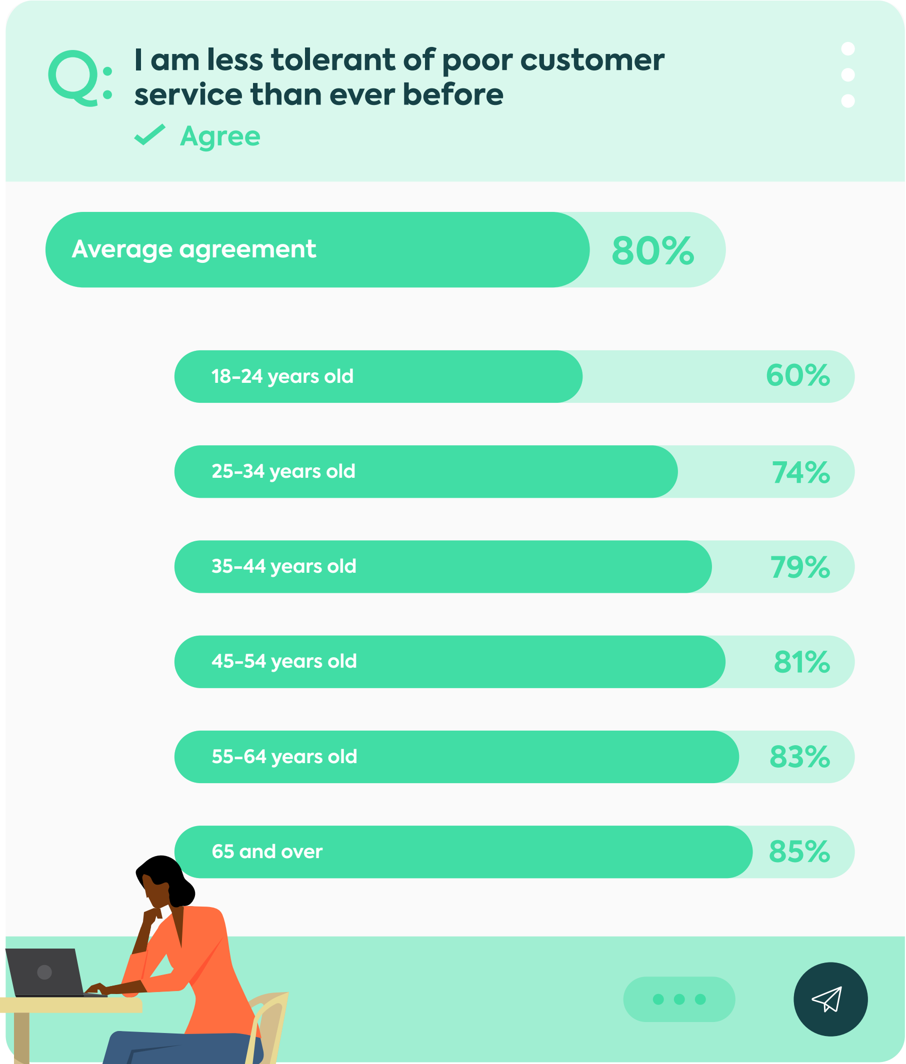
What does that mean in reality?

Simply that any errors, duplications, delays, restrictions or frustrations relating to the communication process are likely to result in unsatisfied consumers taking their custom elsewhere.

There is a clear trend of intolerance to poor service rising with age – from 60% of 18-24 year olds agreeing with the statement, to 79% of 35-44 year olds, rising to 85% of 65-year-olds and over. With the most recent Census data confirming that there are more people than ever in older age groups – over 11 million people aged 65 years or older – can customer communication decision-makers within organisations afford to overlook such a pattern?

> **This report comes at a time when 80% of consumers say that they are less tolerant of poor customer service than ever before.**

But, as this report shows, some sectors have more work to do in terms of winning consumer confidence than others.



Sector Proficiency

Respondents were asked to rank sectors in terms of communication competence across both outbound communications and inbound query handling.

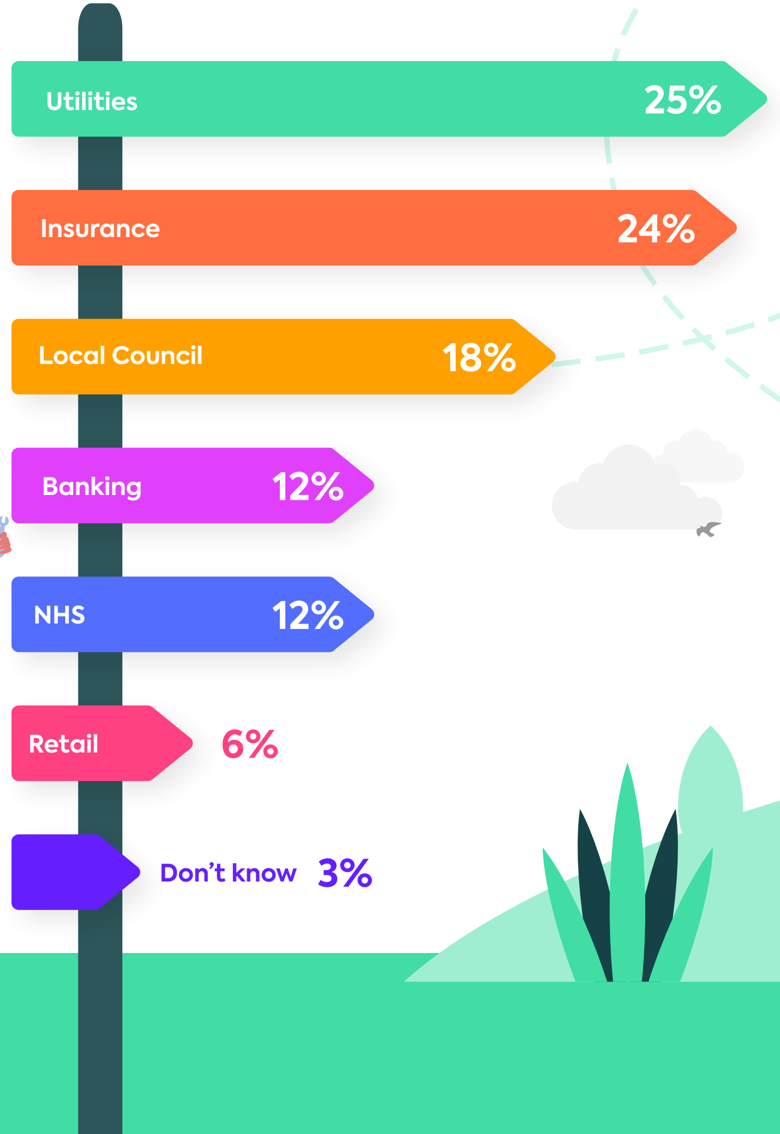
Communications from the utilities sector and the insurance sector are regarded as being the hardest to understand. At a time of soaring energy costs it is perhaps not surprising that the utilities sector finds itself in the consumer spotlight. There has been a call for energy companies to communicate with greater simplicity and empathy, but one in four utility customers (25%) find utility supplier communications lack clarity.

> Communications from the utilities sector and the insurance sector are regarded as being the hardest to understand.

A similar response is given for the insurance sector. In recent years the insurance industry has been clear about the need for customer centricity. Our survey suggests there is still a gap between stated ambitions and day-to-day realities.

Q: Communications from this sector are hard to understand

✓ Agree



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Sector Proficiency

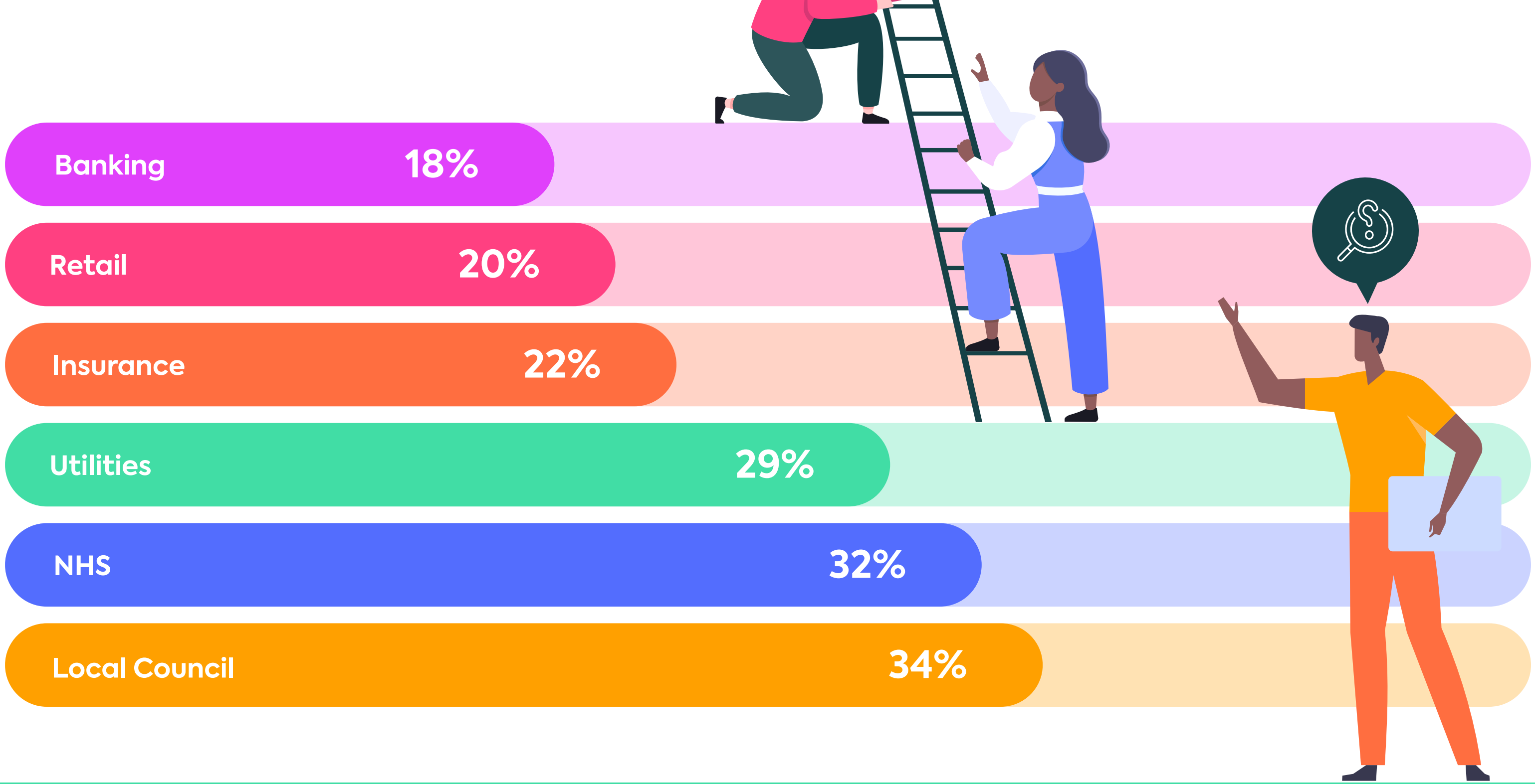
Taking relative budgets into consideration, it might be expected that the public sector would compare unfavourably with the private sector when it comes to query resolution and the management of inbound communications. This is the case, but figures show that the gap isn't particularly wide.

Expert query resolution requires internal departments to share information quickly and accurately so that the customer has the most up-to-date information, no matter which channel or touchpoint the customer uses to retrieve that information.

As our previous Customer Communication Management report highlighted, breaking down internal siloes to present the customer with accurate, holistic facts is a major challenge. Given the total lack of tolerance for poor service revealed in the headline finding at the beginning of this report, every sector should be mindful of ensuring that consumer antagonism does not escalate further.

Q: It is difficult to get the answers I want quickly from this sector

✓ Agree



Trust Issues?

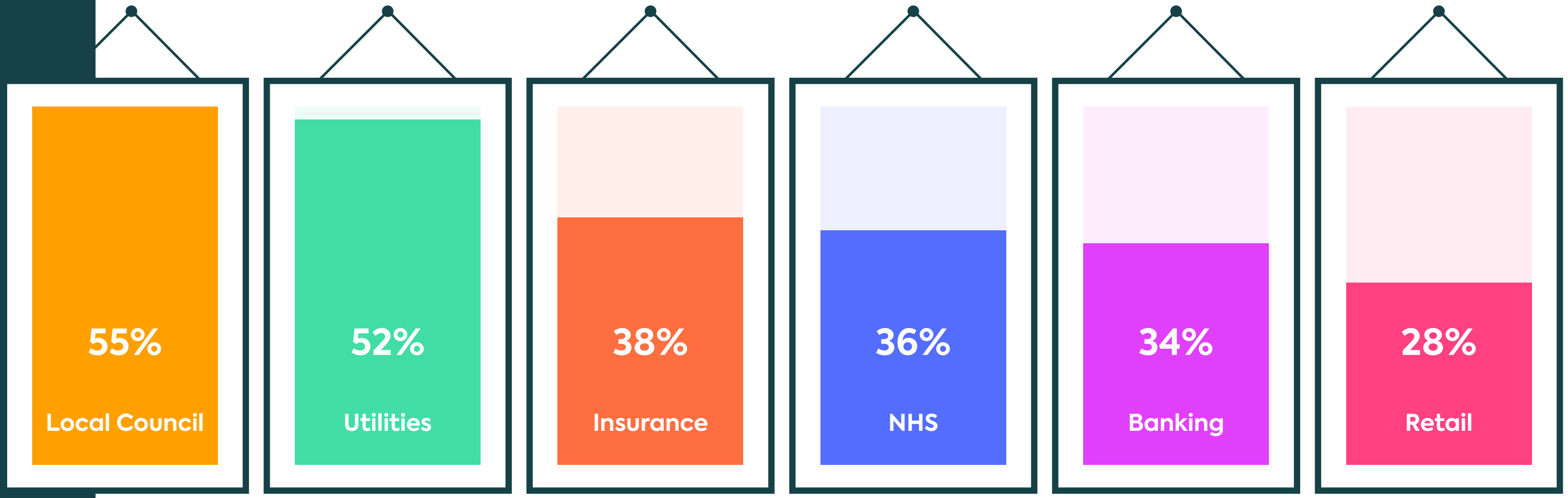
Debate about the future of hybrid working continues. Latest figures from the Office for National Statistics show that the proportion of people hybrid working rose from 13% in early February 2022 to 24% in May 2022. However, recent figures from LinkedIn show that the number of remote working opportunities has perhaps passed its peak, with remote listings on its jobs site falling from 16% at the start of 2022 to 12% in December.

These numbers will continue to fluctuate, but most commentators agree that hybrid working will remain and that a mass return to the fixed hours/fixed location model of old is unlikely.

The impact of hybrid working on consumer trust is less widely reported. Hybrid working clearly adds another layer of complexity and challenge for businesses attempting to win consumer hearts and minds.

> **Hybrid working clearly adds another layer of complexity and challenge for businesses attempting to win consumer hearts and minds.**

Q: Which of the following sectors do you trust LEAST to respond quickly and accurately to your queries if some of their staff are working remotely?*



*Respondents asked to select the three sectors they trusted least. Results are a combination of responses ranked first, second, third

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Trust Issues?

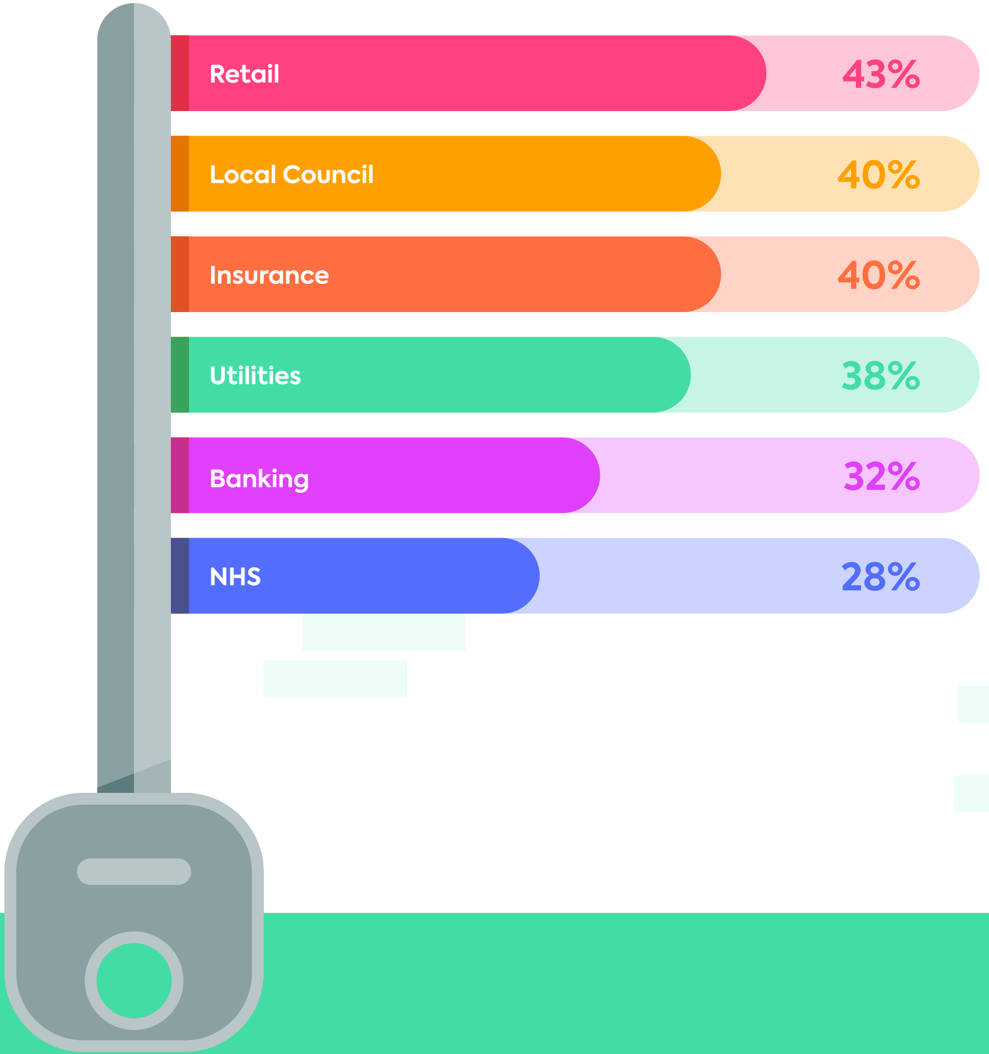
Of course, consumer concerns over the hybrid working patterns of their suppliers will only be voiced if errors occur.

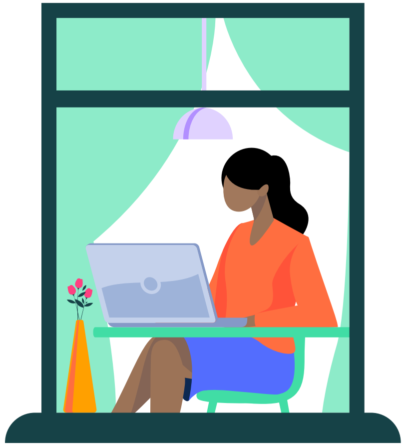
The responsibility is on businesses and the public sector to ensure that any adoption of hybrid working patterns does not impact communication quality and security.

This will require joined-up thinking and the integration of technology that enables rapid and seamless sharing of information between departments – no matter where colleagues are based – to ensure communications are accurate and intelligent.

The responsibility is on businesses and the public sector to ensure that any adoption of hybrid working patterns does not impact communication quality and security.

Q: Which of the following sectors do you trust LEAST to keep your data and privacy protected if some of their staff are working remotely?*





*Respondents asked to select the three sectors they trusted least. Results are a combination of responses ranked first, second, third

Speak to me

The pandemic caused customer service interactions to spike, shining the spotlight on suppliers' ability to respond quickly and accurately to queries. Today's challenging economic conditions keep this pressure on. So, what do consumers expect when a rapid answer is required?

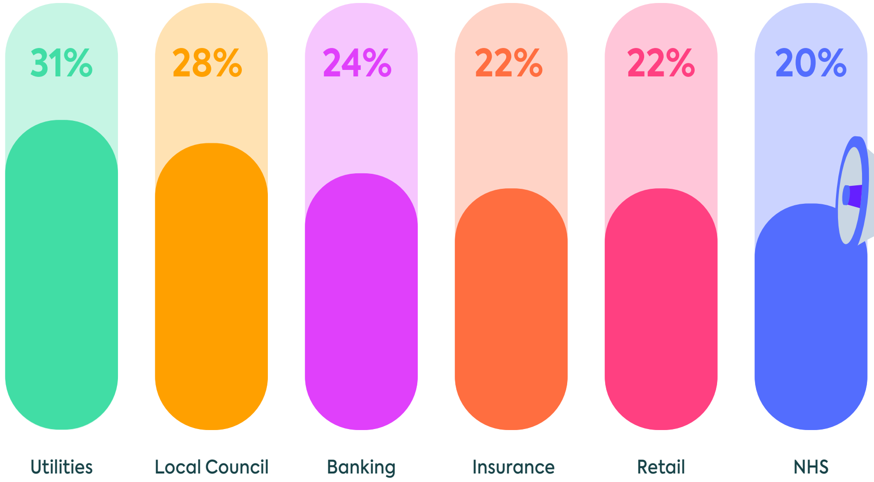
Q: When communicating urgently with a provider/supplier, what is most important to you?

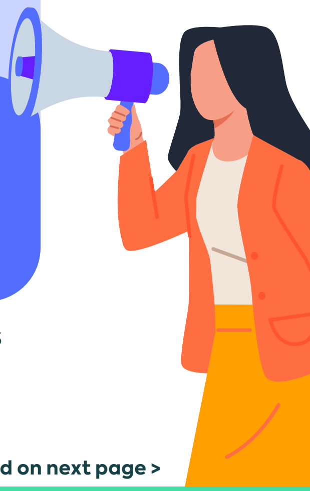
- 40% — The ability to speak on the phone
- 20% — The ability to manage my account online independently without needing to contact the organisation
- 15% — The ability to chat with someone online
- 11% — The ability to chat with someone face to face
- 9% — The ability to email the organisation
- 4% — Nothing is more important than anything else

Responses show that for urgent inbound communications, human interaction over the phone remains of huge importance for today's consumers. The challenge for businesses and the public sector is how to incorporate this relatively costly service in a way that is efficient and effective. At present, the perception amongst a significant percentage of consumers is that businesses make it deliberately hard to contact them via the phone. This is a sure route to consumer frustration.

Q: This sector makes it deliberately hard to speak to a human contact

✓ Agree





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Speak to me

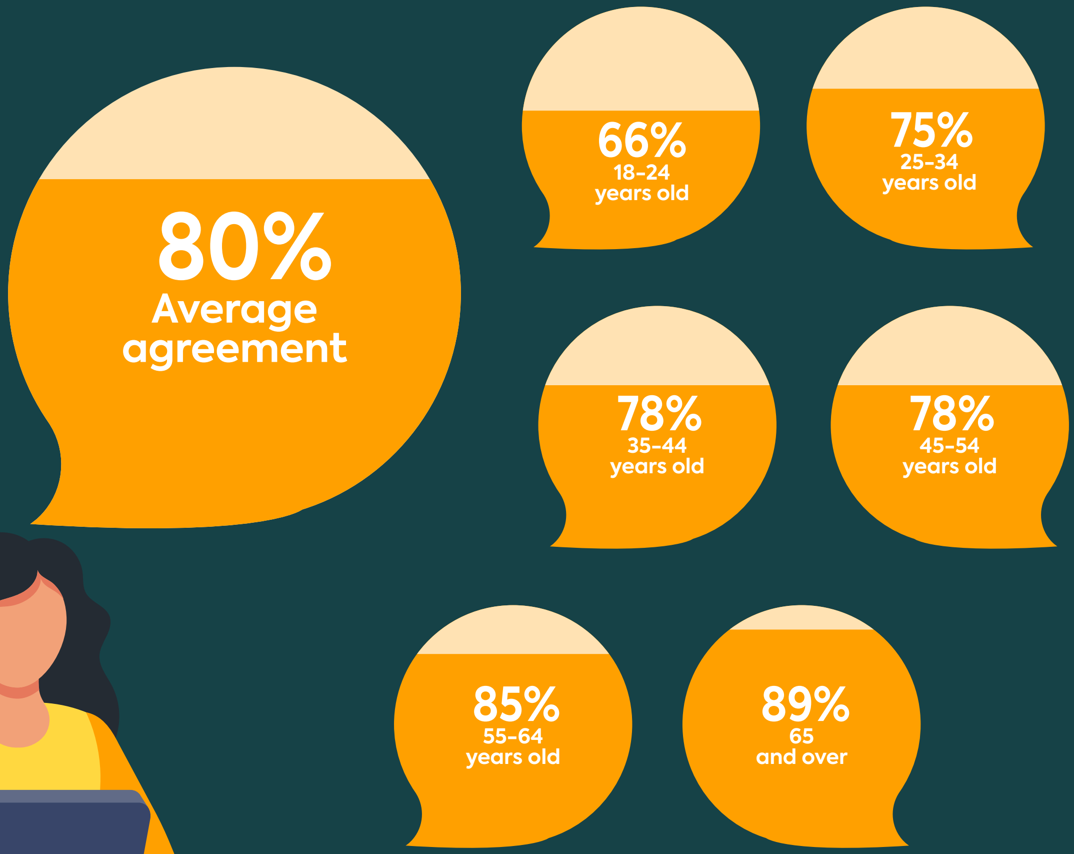
How human touch fits the future of customer service is an issue engaging countless analysts and commentators. Clearly, eliminating the call centre altogether would be a significant misstep in the current climate. Consumers are majorly turned off by the thought of having no option to speak directly to an employee, an attitude that becomes more vehement with age.

A clever balance is required between cost-effective and proficient digital communication options and the provision of access to customer service professionals and other channels. It is worth emphasising that this set of figures relates to inbound communications and that preferences relating to how messages are received will be different. Successful bi-directional (inbound and outbound) customer communications management requires an ability to flex between channels and to incorporate intelligence from one touchpoint into messages via other channels. In this way, a telephone conversation might then be followed up with an outbound email, for example.

A clever balance is required between cost-effective and proficient digital communication options and the provision of access to customer service professionals and other channels.

Q: A purely digital interaction with an organisation, with no option to call them for queries, will put me off using that organisation

✓ Agree



Channel Fluidity

Technology changes. And with changing technology comes changing consumer expectation. Businesses & public sector organisations cannot afford to be trapped by legacy systems that offer no flexibility to adapt nimbly to consumer demands.

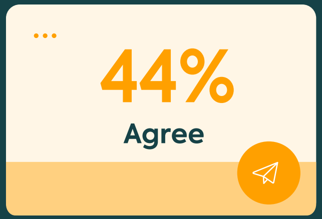
Certainly, the pandemic shifted previous patterns of engagement, with locked-down consumers showing more willingness to experiment with new buying behaviours and different suppliers.

> Businesses & public sector organisations cannot afford to be trapped by legacy systems that offer no flexibility to adapt nimbly to consumer demands.

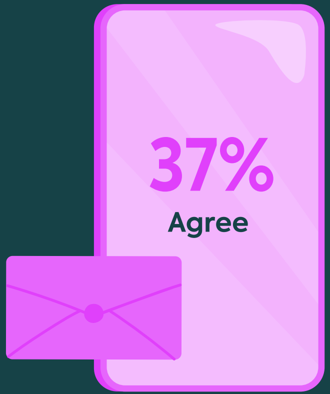
In terms of communication channels, our own figures show that nearly half (44%) of consumers are choosing to receive more digital communications than they did before the pandemic. This is a significant volume upswing in a short period of time, placing greater pressure on legacy processes.

Whilst this receptivity to digital communications is important, it does not herald a new digital-only era. Over a third of consumers (37%) say their balance of digital and post has not changed since the pandemic, with a small but significant 9% saying that they now receive more post.

Q: I now choose to receive more digital communications from organisations than I did before the pandemic



Q: The balance of communication I receive (digital vs. post) from organisations has not changed since before the pandemic



Q: I now choose to receive more postal communications from organisations than I did before the pandemic

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Channel Fluidity

Responses also show that there really is no such thing as channel loyalty, particularly amongst younger consumer age groups. What works for consumers now is expected to be out-of-date in as little as 3 years' time.

This mindset throws up huge questions about the ability of supplier-side systems to keep pace. These figures also emphasise the challenges ahead in terms of service provision across several channels. If a younger demographic demands change, but more mature consumers prefer to continue with the existing model, how do businesses weight service provision accordingly?

> There really is no such thing as channel loyalty, particularly amongst younger consumer age groups.

Q: In 3 years' time, I expect to be using a different channel of communication for enquiries with organisations

✓ Agree

Serious about Sustainability

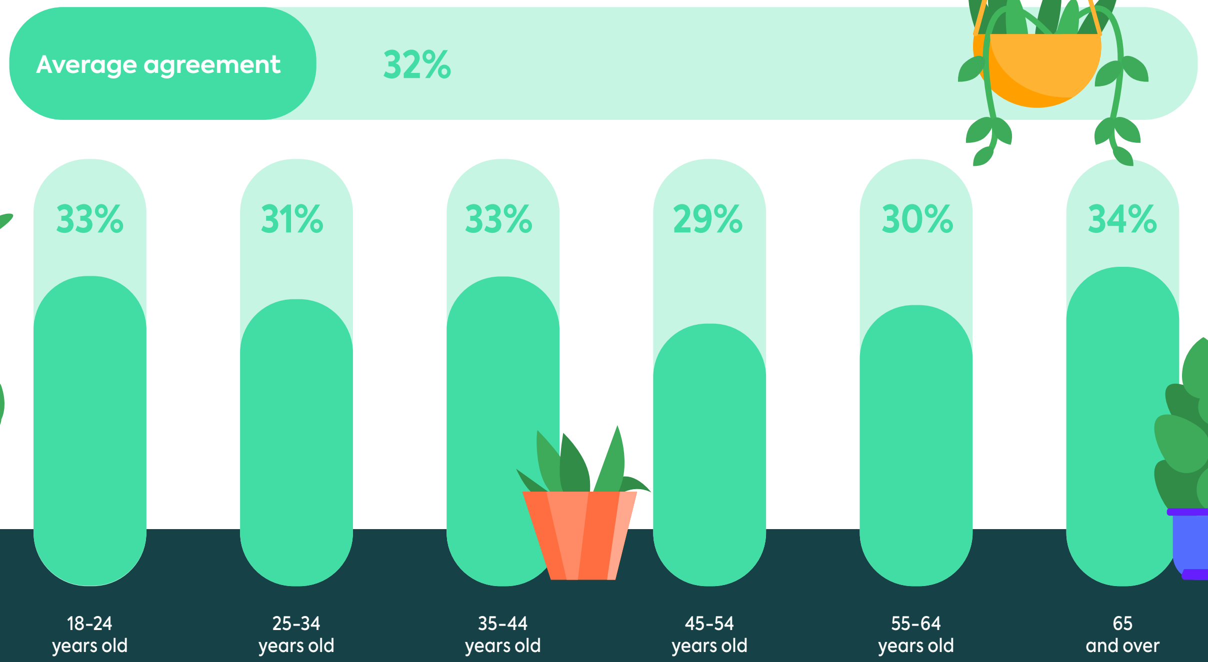
Sustainability is not a new concern. As consumers we have become increasingly forensic when researching the businesses we patronise and the products we buy. The relative importance of sustainability during the purchase process continues to increase but, until now, sustainability has been a value driver rather than the key consideration.

Today's figures suggest that we are quickly approaching the tipping point. No less than 32% of consumers now feel that sustainability is as important as price in the decision-making process. During a challenging economic time, this response is remarkable.

> No less than 32% of consumers now feel that sustainability is as important as price in the decision-making process.

Q: The sustainable footprint of a business is as important as the price of product or service

✓ Agree



Intriguingly, there is only minimal difference between the various age groups on this matter. One might expect the younger generation to be more strident in their opinions relating to sustainability, but in fact this is a concern for all ages. Unquestionably, businesses and the public sector are making great leaps forward with their sustainability strategies. But some sectors are perceived to be more advanced than others.

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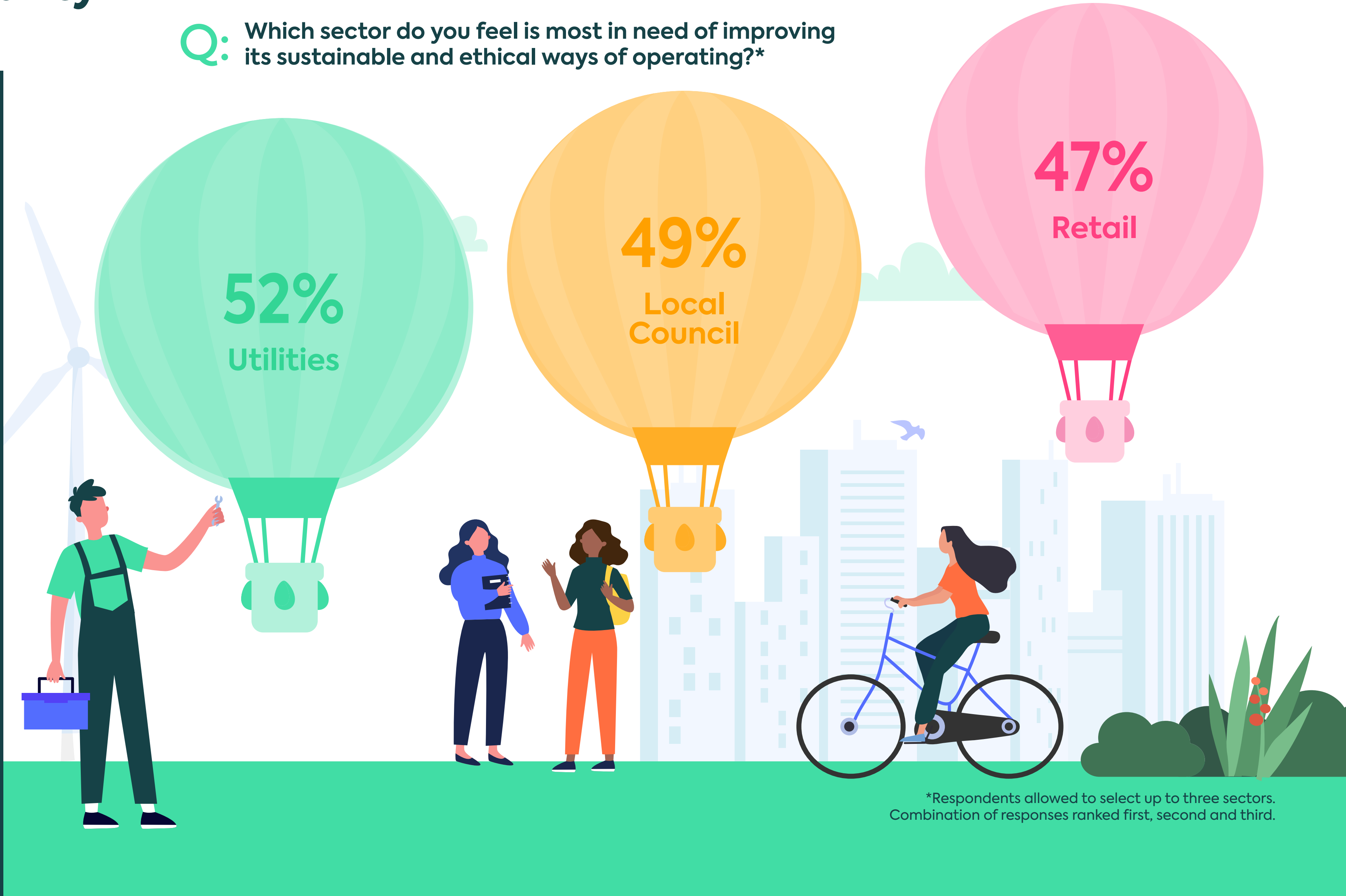
Serious about Sustainability

Certainly, the utilities, local council and retail sectors are committed to the sustainability agenda. However, the perceived need for these sectors to improve could perhaps result from a failure in communication, ensuring that relevant information on sustainability programmes is freely available and/or effectively distributed.

Equally, today's consumers are alert to factors such as wastage and unnecessary consumption of materials and energy in their own homes. This mindset will also be applied to the businesses they deal with.

Consumers will quickly pick up on red-flag factors such as duplicated or excessive messaging or ineffective and time-consuming query resolution – anything where information could be imparted more quickly, more efficiently and with less impact.

Q: Which sector do you feel is most in need of improving its sustainable and ethical ways of operating?*



*Respondents allowed to select up to three sectors. Combination of responses ranked first, second and third.

Help yourself

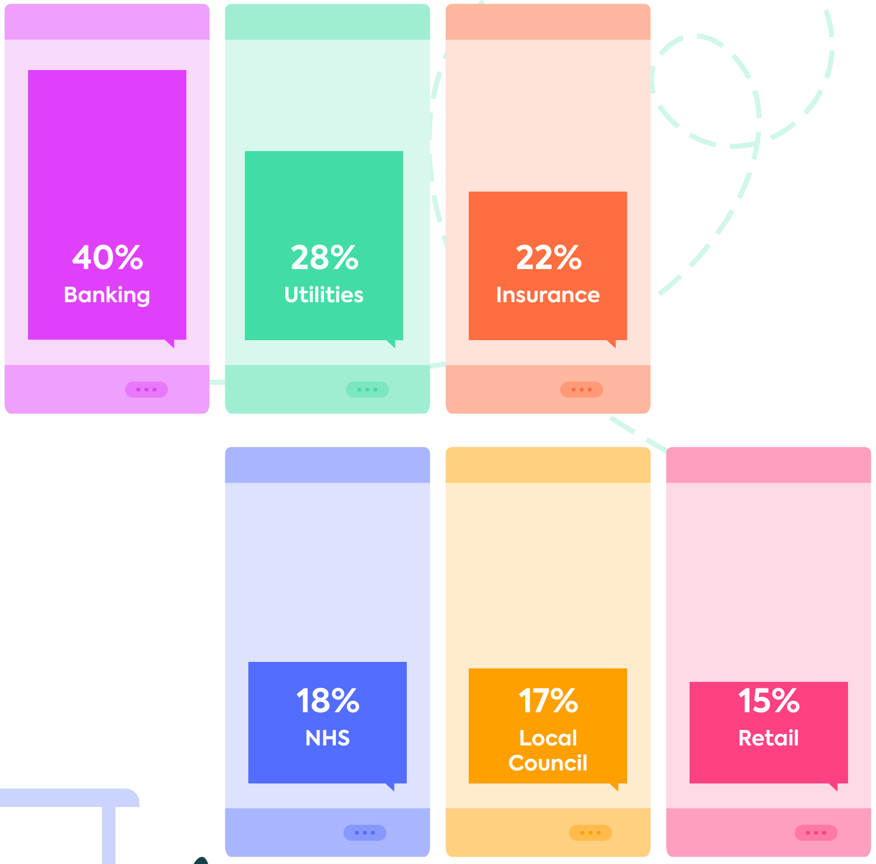
Empowering consumers to resolve their own issues and queries through self-serve portals is a strategy that has the potential to solve many communication challenges. Giving consumers the ability to retrieve the documents they need and to amend documents and records in an authenticated way can speed up interactions, eliminate errors, drive down costs and ensure that any call-centre professionals are focused on more complex front-line issues.

Current usage of self-service portals varies by sector, with the banking industry leading the charge. Indeed, the banking sector is something of a self-serve pioneer, demonstrating how self-service can be used successfully across three crucial areas – routine transactions (a banking sector example would be changing ATM pin details), initiation of new services (e.g., loan applications) and issue resolution (e.g., unblocking of cards or later payment of credit card fees).

> **Empowering consumers to resolve their own issues and queries through self-serve portals is a strategy that has the potential to solve many communication challenges.**

Empowering self-service across these three core functions could benefit every sector. But it's clear that provision and usage of self-service still has much room for growth.

Q: I use self-serve portals to interact with organisations in this sector*



* Respondents able to select from multiple channels

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Help yourself

Self-service functionality will live or die by its usability and by the quality of its accessible information. Figures relating to the ease-of-use of existing self-serve portals suggest much more can be done to make this service more attractive to consumers.

Those organisations offering such functionality should be clear about their objectives. There is a balance to be struck between a contained self-service experience and access to assisted channels. It is not a case of either or, and success will come from the ability to coordinate all channels to present a seamless and holistic vision to individual consumers.

> It is not a case of either or, and success will come from the ability to coordinate all channels to present a seamless and holistic vision to individual consumers.

Q: Organisations in this sector make it easy/very easy to self-serve and retrieve necessary documents and information myself

✓ Agree

Conclusion

The voice of the consumer is clear. Failure to provide efficient and effective customer service will not be tolerated. How capably a business communicates is a key element of this customer experience.

Organisations are tasked with navigating core challenges to ensure communications meet sky-high consumer expectations.

How capably a business communicates is a key element of this customer experience.

Hybrid working is one such challenge. Businesses across every sector have flexed working practices, with many yet to settle on a clear idea of the 'new normal'. However, consumers are alert to this evolving picture and are in no frame of mind to forgive service lapses or communication blunders caused by teams that are disconnected.

The sheer multitude of channels and the fluidity with which those channels are used presents another layer of complexity. We know that consumers enjoy the convenience of digital and that more are switching on to digital services in the post-pandemic era. But we also know that presenting a purely digital face to consumers will cause the vast majority to question their brand allegiance. There is a delicate balance to be struck, which includes some sort of call-handling capability as a key component of the customer experience.

Equally, consumers are more autonomous. They don't want to be constrained by service provision, rather, they want to be self-sufficient. Self service portals are well established in some sectors and making inroads in others. These cannot be implemented in a 'set and forget' fashion, serving as little more than souped-up Q&A pages. Instead, true customer service comes from such portals being seamlessly linked to all customer touchpoints and primed to provide up-to-the-second, relevant information.

We also see the very real impact of sustainability on consumer decision-making. Here, professionals tasked with communications strategy may feel that the sustainability agenda falls somewhat outside of their remit. But with consumers embracing messages of renew and recycle in the home, short shrift will be given to any business whose communication methods are seen as resource-heavy, clunky and wasteful.

The very obvious response to all of these challenges is operational flexibility. This flexibility should enable swift and seamless adoption and integration of new channels and technologies when required. It should also ensure that remote teams and disparate departments can effortlessly interact and share information to present a unified picture to the consumer.

It's a scenario that demands expert support and internal champions. Legacy ways of working can be hard to replace; they are legacy solutions for one reason – they worked. But the communication picture is changing too rapidly to be anchored to "the way it's always been done".

The voice of the consumer has been heard. It's time to listen and respond.

The very obvious response to all of these challenges is operational flexibility.

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