CISCO | BT

Chat, tap, talk:
Eight key trends to transform
your digital customer experience

Digital customer 2017 research

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Foreword

Since 2010, BT has been tracking consumer behaviour in an increasingly digital world through an extensive global research programme. This year's study, which was conducted in partnership with Cisco, identifies eight key trends that are actively shaping the digital customer experience.

What's strikingly clear in this year's research is the rapid rise of 'chat'-based messaging (such as WhatsApp, Facebook Messenger and Google Talk). Consumers are simply 'tapping' their mobile phones with ease to contact the companies they deal with. What's more, they want to use these 'chat' services alongside more traditional 'talk' channels – the phone isn't going away any time soon.

The study also reveals that organisations are failing to capitalise on some opportunities, and ultimately ignoring customer preferences. If you haven't done so, it's time to bring in social media into your strategy, and experiment with chatbots and video.

Something which has not changed is that once again, respondents made it clear that they want it to be much easier to engage with organisations. They'll even pay for it: consumers say they will buy more from those who do make it easy. Brand loyalty is higher for organisations that proactively take the initiative and they're set to buy more if they are sure that the transaction is secure.

Making life easier for customers comes down to understanding their journey and the different behaviours they might exhibit along the way, regardless of the communications channel or technology they choose. With this in mind, we've written this paper to give senior executives and their customer relationship management (CRM) colleagues fresh insights into what customers want, and to share our thoughts on how they might begin to translate that into practice.

Andrew Small,
Vice President of Unified Communications and
Collaboration, Contact Centres and Mobility

This paper is only a snapshot of our research results. If you would like specific data for your market (we surveyed consumers in ten countries), please visit www.bt.com/GlobalContact and we'll be happy to share that information with you.

Overview

Seeking simplicity: digital customers want easy journeys

What consumers everywhere really want is for life to be less complicated. They're prepared to pay for it: more than half say that they value convenience over price. And three out of four people would buy more from companies that make it easier to do business.

What inspires your loyalty to a company?

79%
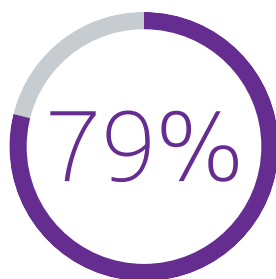
"I am more loyal to organisations that are easy and simple to contact"

76%
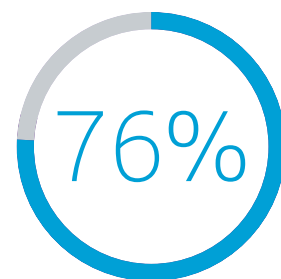
"I buy more from companies that make it easier for me to do business with them"

But organisations are failing to capitalise on this opportunity, and ultimately ignoring customer preferences – whether they be to chat online, tap their mobiles, or talk on the phone. While BT's recent research into digital transformation[1] found that a majority of CEOs believe their organisation already delivers a digital customer experience that is good or excellent, only 16 per cent of consumers agree. The number of customers (two in three) who say it is 'exhausting' dealing with customer service issues is the same number, depressingly, as in 2015. Clearly, many organisations are struggling to catch up with the proliferation of new communications channels and customers' rising expectations.

The promise of digital is a seamless, convenient and personalised customer experience. It's what consumers get from Amazon, which, like it or not, is their benchmark. The key to creating that experience is to fully understand customers' journeys and how they behave as they travel towards their destination and achieve their goal. Only then can you decide how to simplify the journey and benefit from the goodwill that can generate.

16%

of customers rate the digital customer experience as 'good' or 'excellent'

while 2 in 3 say it is exhausting dealing with customer services
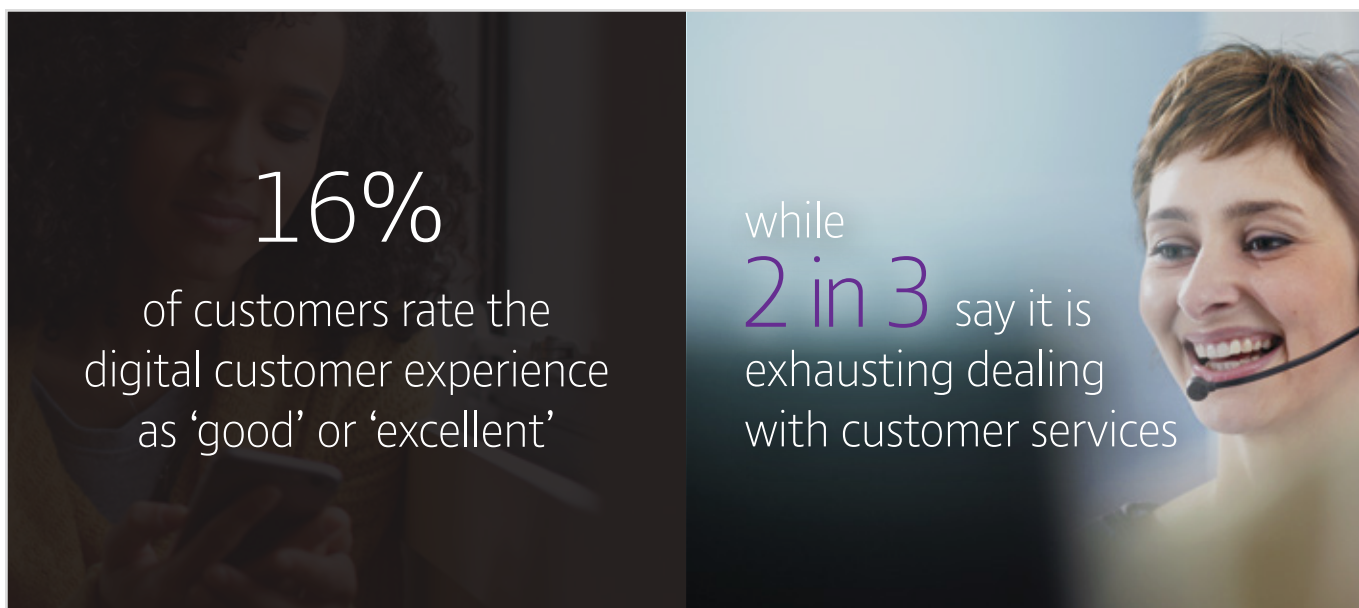
How well do you understand your customer journeys?

Questions to ask yourself:

- Which customer journeys are most important for customers interacting with our organisation (purchasing a product/ service, reporting a fault, checking a balance)?

- How do we understand a customer's mindset/motivation/attitude at each step in the journey? How do we know how they feel and what they expect?

- What are the most appropriate channels for specific purposes? For example, self-service for simple tasks, voice for urgent queries? How easy do we make it for customers to choose a mix of channels at any point in the journey? Can they escalate from webchat to voice call with the same agent?

- How do we measure success – by the end-to-end customer experience (across multiple interactions) or by isolated interactions?

- How do we monitor and act on customer feedback, and use it to continually improve our customer experience?

Eight key trends

Chatting, tapping, talking – the digital customer is embracing new channels with enthusiasm, but not yet abandoning the phone call and face-to-face contact. That's the background to the eight key trends our research has identified. Understanding why, when and what consumers want from their interactions with you can help to transform your digital customer experience.
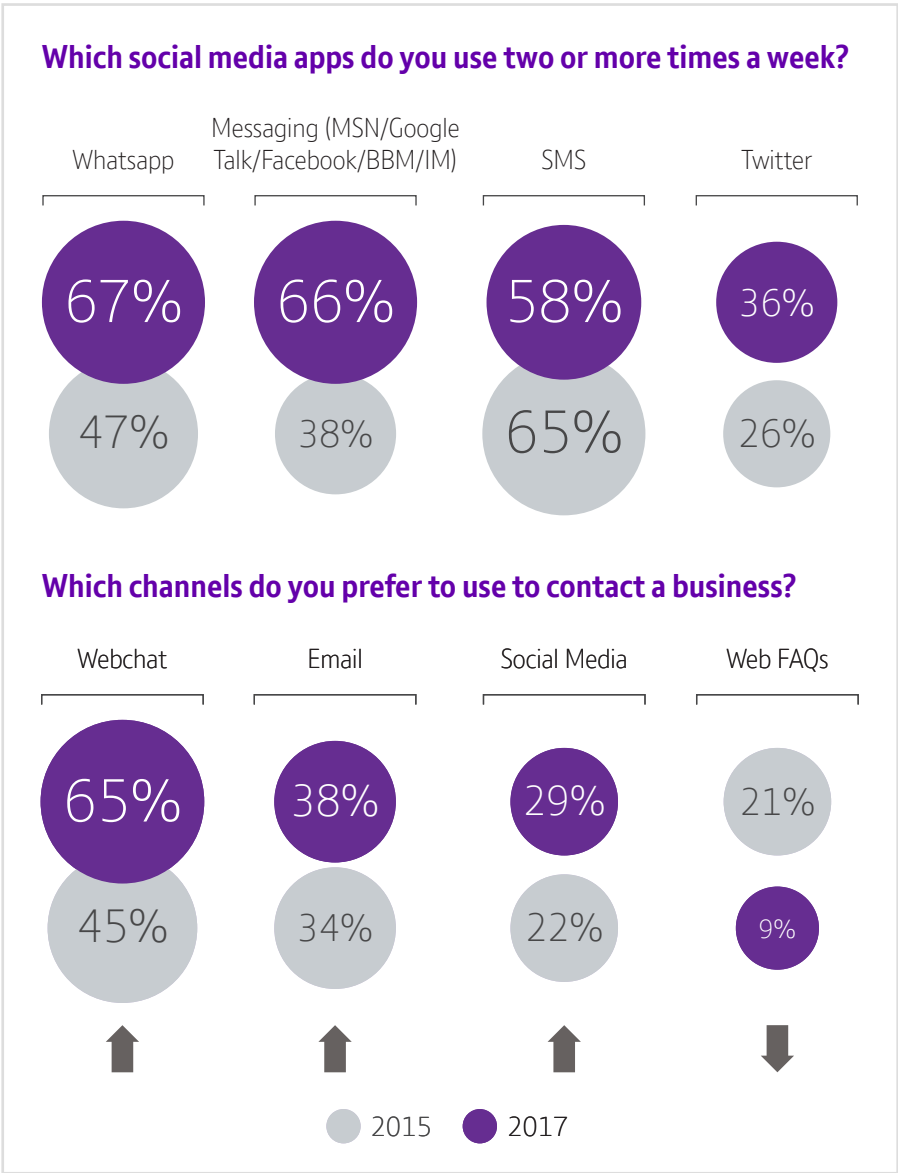
1. Messaging mania: customers want to talk and type

One of the most striking trends to emerge in 2017 is the momentum of messaging.

Between 2015 and 2017, the number of consumers using WhatsApp two to three times a week or more has leapt from 47 per cent to 67 per cent and use of general messaging services such as Facebook Messenger, MSN and Google Talk has increased from 38 per cent to 66 per cent. Even SMS remains mainstream, used by 58 per cent of consumers.

Thanks to this 'type and talk' mindset, web chat is hugely popular for customer service. Consumers say they get a faster response with chat than via email or the contact centre and like that they get a record of the conversation. They much prefer it to traditional FAQs and get frustrated when there's no web chat on offer.

If they have not already done so, consumer-facing organisations must embrace the opportunity of messaging services. Not as standalone services but treated in the same way as any other incoming customer conversation, queued into the contact centre like any other call and handled by skilled agents.

Which social media apps do you use two or more times a week?

Whatsapp	Messaging (MSN/Google Talk/Facebook/BBM/IM)	SMS	Twitter
67%	66%	58%	36%
47%	38%	65%	26%

Which channels do you prefer to use to contact a business?

Webchat	Email	Social Media	Web FAQs
65%	38%	29%	21%
45%	34%	22%	9%

2015　　2017

How ready are you to have customer conversations via messaging services?

Questions to ask yourself:

- Which messaging services are our customers using to talk to us?
  Can they reach us on the messaging channels they prefer?

- How do we track and respond to messages from customers – whether SMS, email, social media, or messaging app?

- How does messaging feature in our customer contact strategy?
  Can we better embed it into our strategy to improve the overall customer experience?

- How could we leverage messaging channels to proactively contact our customers – for example, in outbound communications?

2. Chatbots are coming: get ready to experiment and learn

"The best bots act as 'IVR for digital' and quickly triage the customer to an advisor with skills that are most likely to get the customer to their goal."[2]

**Dr Nicola Millard**
Head of Customer Insight and Futures, BT

Chatbots – such as Apple's Siri or Amazon's Alexa – combine software, artificial intelligence (AI), a knowledge base and machine learning to simulate a human conversation, either via text or voice.

While it's still early days for chatbots it's easy to imagine how they could play a role in customer service. Chatbots (voice or text-based) could handle simple queries like checking train times or more complex interactions such as paying a bill.

What are your views on chatbots?

74%
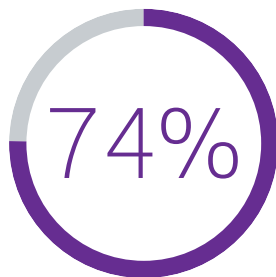
"Real human agents should check the more complicated responses of chatbots before they are sent to customers"

63%
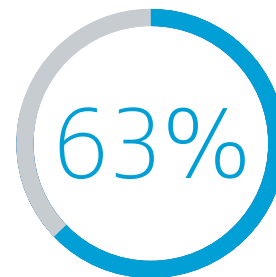
"Immediate response times are a huge benefit of chatbots"

A chatbot could top and tail an interaction with a human agent to speed things up, collecting essential information and closing the call. As BT's head of customer insight and futures Dr Nicola Millard says[2], 'The best bots act as "IVR for digital" and quickly triage the customer to an advisor with skills that are most likely to get the customer to their goal .' Using

chatbots in this way also frees agents from routine queries for more complex or valuable activities.

Consumers are yet uncertain about the role of chatbots in customer service but they can see that one of the biggest benefits would be getting an immediate response to a query. They also understand

how chatbots could help to improve their experience overall. After all, machine learning has been shaping digital customer experiences for a long time – it's how Netflix and Amazon come up with personalised recommendations.

What might chatbot technology contribute to your customer experience?

Questions to ask yourself:

- What could chatbots add to our customer experience? Where can they help in customer journeys? What categories of customer enquiries might we direct to a chatbot?

- How might we use chatbots to complement human agents? Text or voice? Which activities are more suitable for automation?

- How can we learn more/experiment with chatbot technology?

- How can we integrate chatbots without adding significant complexity or cost?

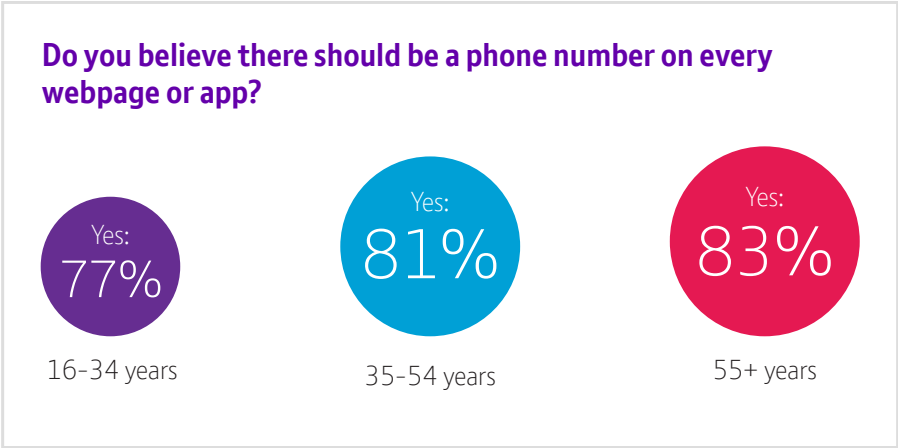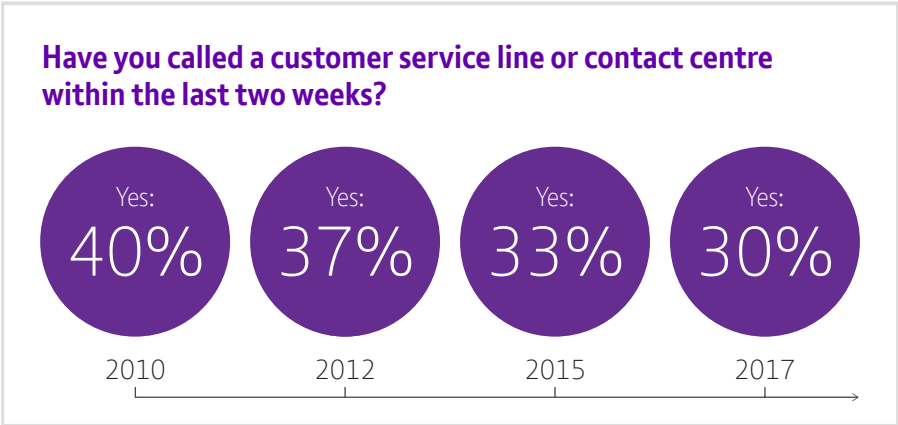- What's the right chatbot personality for our brand?
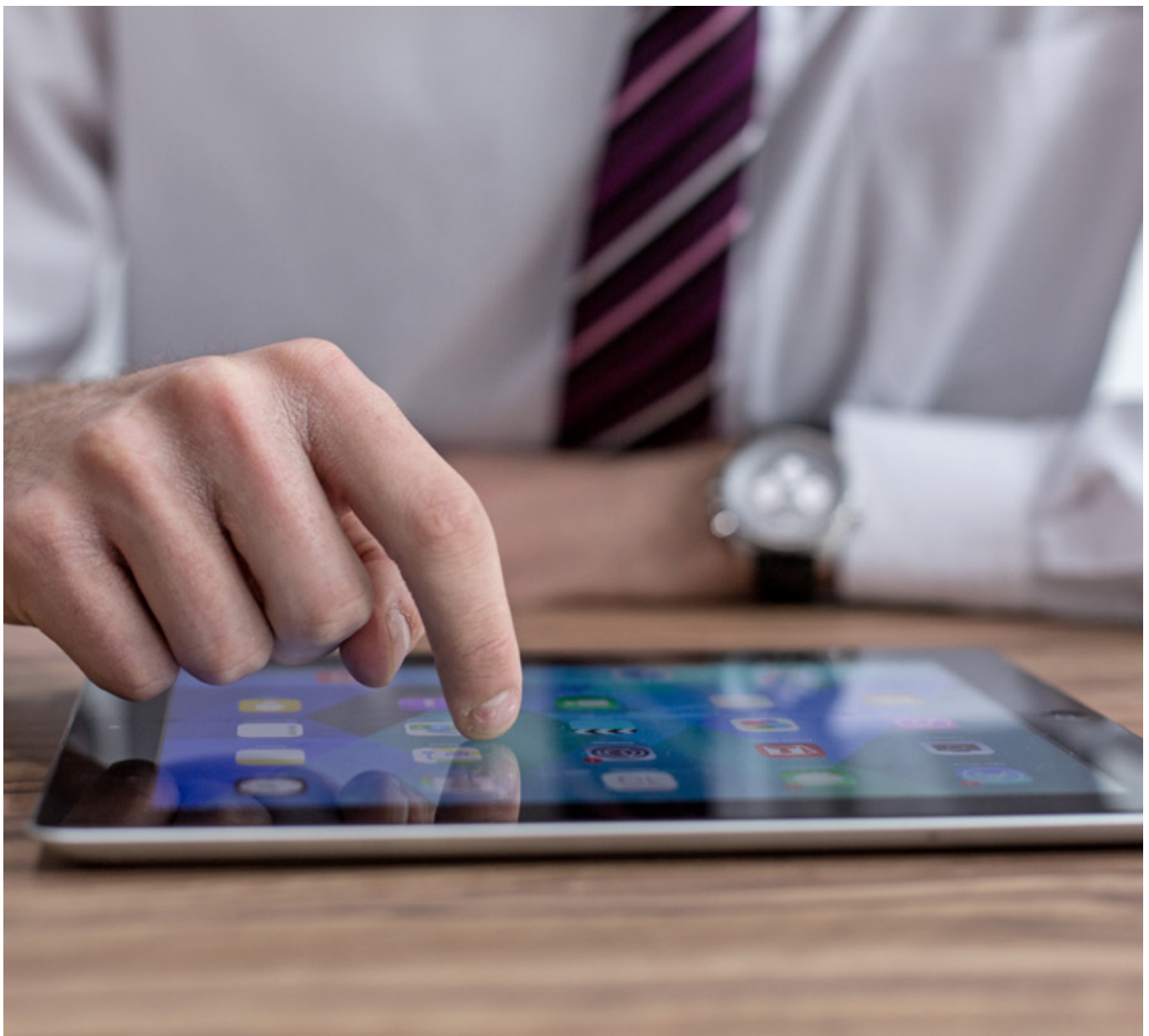
3. Phone is still popular: a key part of digital strategy

Making a phone call remains a top choice for customer service: 84 per cent of consumers have contacted a call centre in the past six months, down only marginally from 86 per cent in 2015.

Surely, with so many social media channels and messaging services at their fingertips, consumers are making fewer voice calls to contact centres? The answer is yes, but not nearly as few as we might expect. And that's not going to change anytime soon.

What's more, customers are using new channels alongside the telephone. When people are in trouble, they pick up the phone; when they get lost online, they pick up the phone. Eight out of ten consumers (more than in 2015) say there should be a phone number on every webpage or app. Six out of ten would use video on phone calls so they could see the agent and discuss complex issues. In short, the phone plays an important part in the overall digital experience.

However, the voice experience can be disappointing. People say they sometimes know more about the product or service than the call centre agent, or get put on hold because agents don't know what to say. They'd like to be able to email or message the agent they have spoken to. Addressing this requires taking a 360⁰ view of the customer and their journey so that the issue can be resolved first time.

Have you called a customer service line or contact centre within the last two weeks?

Yes: 40% — 2010
Yes: 37% — 2012
Yes: 33% — 2015
Yes: 30% — 2017

Do you believe there should be a phone number on every webpage or app?

Yes: 77% — 16–34 years
Yes: 81% — 35–54 years
Yes: 83% — 55+ years

How good is your telephone-based customer service?

Questions to ask yourself:

- How do we assess the effectiveness of our phone based service?

- How easy is it for customers to ring us? Do we still promote our contact number as a key way to get in touch with us?

- When/why do customers contact us by phone? Where are they on their journey? What behaviour do they exhibit? How can we better equip our agents with the knowledge and solutions they need to resolve an issue at the first opportunity?

- How can we differentiate by using the phone as a premium channel (for complex or urgent queries)?

- How can we use other technologies (webchat, IVR) to complement our phone service and improve our response? Does our current technology have the intelligence to get customers talking to the right agents where necessary?
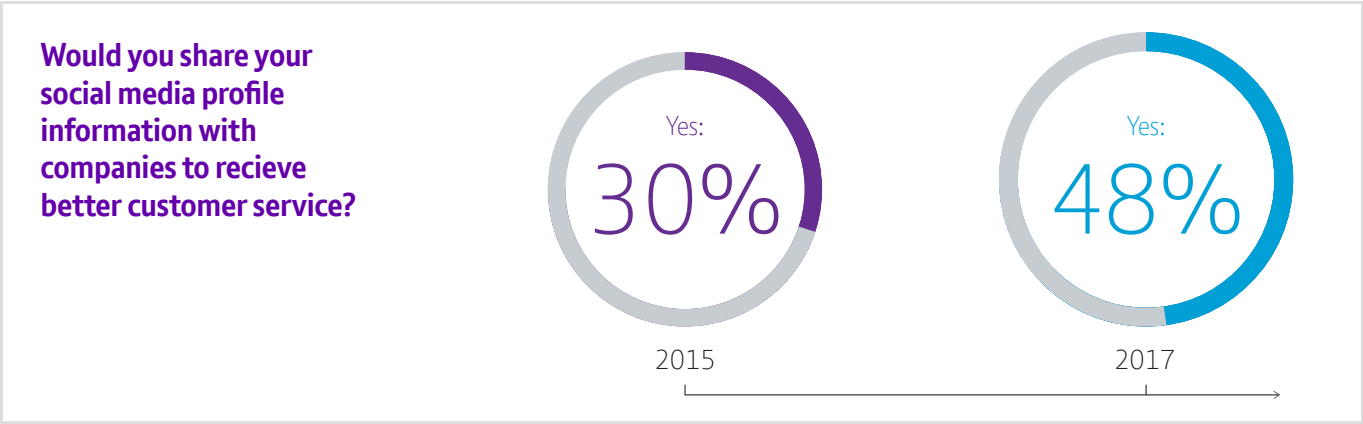
4. Social media momentum: time to bring it into your strategy

38% of people say that social media is the best way to get help urgently (up from 26% in 2015) – and this figure rises to more than half for higher income respondents.

It is impossible to overstate the impact of social media on consumer behaviour. People use social media to share ideas, research products/services, check reviews, consult friends, make enquiries, and much more. It is especially popular for complaining.

Social media is mainstream for consumers but many organisations still neglect or ignore the flow of messages about and directed at them on Facebook, Twitter and so on. It really is time to treat social media communications with the same respect and response as other channels.

If they have not done so already, organisations must bring social media into their omni-channel strategies. Customers clearly want it: they'd like to have a conversation via social media, order products and services directly through Facebook, and half of them might share their social media profile to get better service.

Would you share your social media profile information with companies to recieve better customer service?

Yes:
30%

2015

Yes:
48%

2017

What's the relationship between your organisation's social media activity and customer service strategy?

Questions to ask yourself:

- How do we currently monitor/manage/respond to social media comments about us?

- What sort of customers/issues come through social media? How can we integrate queries from multiple social media channels into our existing processes?

- How do we respond to service issues/queries that arrive through social media? How do they feed into the customer contact centre? Do we have the right agents to handle our social media enquiries?

- How can we better maximise the benefits of social media for our organisation beyond the contact centre (e.g. in marketing)?

- How well do we meet consumer expectations for a response in real time? How can we maximise customer interactions and goodwill through social media activity?
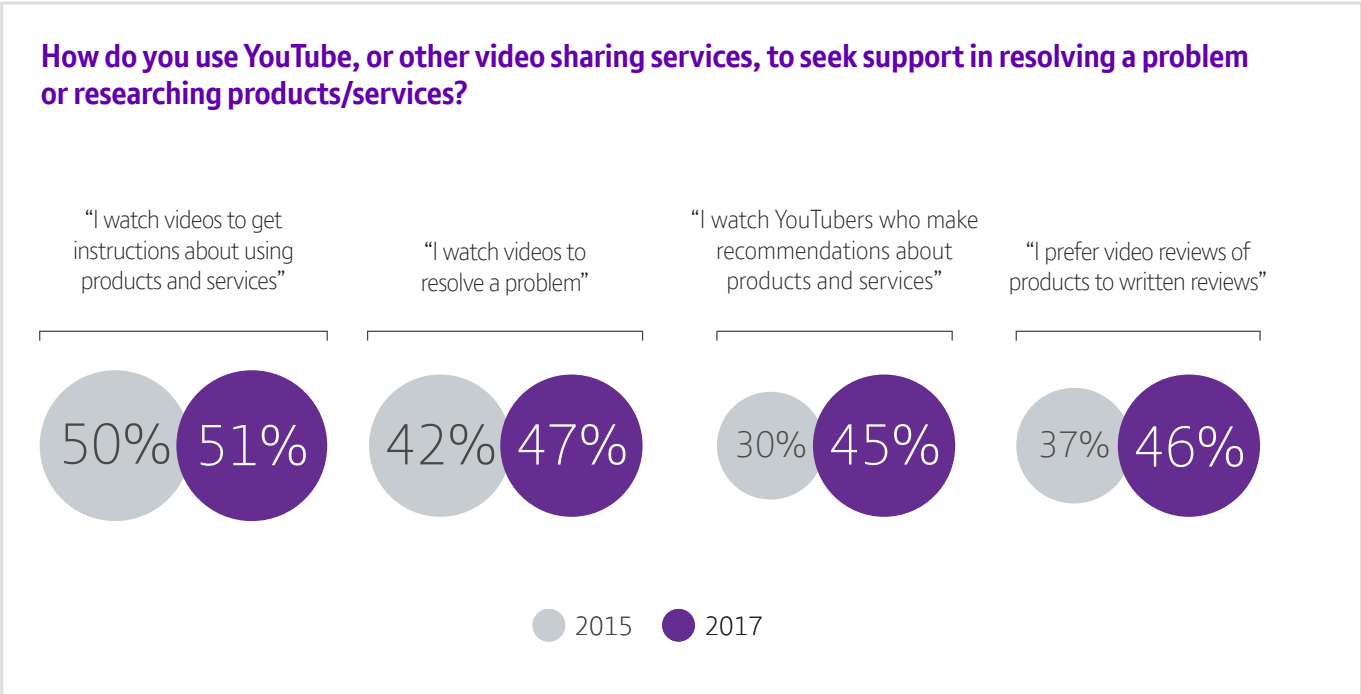
5. Seeing is believing: video can transform the customer experience

Video is growing at pace. One billion hours are watched daily on YouTube[3]. Four out of ten people now prefer to start product research on YouTube instead of Google and a similar number say they prefer video to written reviews.

Digital technology makes it easier to show than tell and there's a continuing shift towards a more visual culture. This trend is apparent in consumer enthusiasm for image based social media platforms such as Instagram, Snapchat and Tumblr.

Organisations need to start using video creatively in their customer relationships. This might include product demonstrations, or 'how to' footage to help customers assemble flat packed furniture or install new TV equipment.

How do you use YouTube, or other video sharing services, to seek support in resolving a problem or researching products/services?

"I watch videos to get instructions about using products and services"

50% 51%

"I watch videos to resolve a problem"

42% 47%

"I watch YouTubers who make recommendations about products and services"

30% 45%

"I prefer video reviews of products to written reviews"

37% 46%

● 2015 ● 2017

Consumers are much more comfortable with live video than in the past. They have video conferencing at work, Skype and Facetime at home.

It's a very small step to using those services to show the engineer a malfunctioning washing machine, or the tour operator the poor state of your holiday apartment. Customers might also like to escalate voice calls to video calls in some situations.

Video traffic is set to increase significantly in the next few years, and organisations will need to think about the impact on their network and infrastructure.

Do you use video conferencing three times a week or more?

Yes, at work

12% 25%

Yes, at home

10% 27%

● 2015 ● 2017
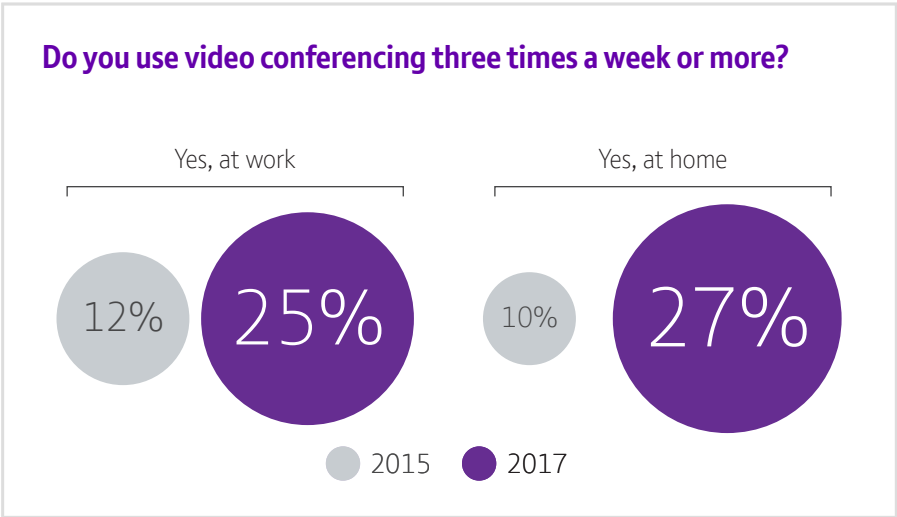
How does video fit into your customer service strategy?

Questions to ask yourself:

- Where can we use video to improve the customer experience? How do we introduce video into the contact centre?

- What are the main benefits for customers of video chat over messaging?

- How suitable is our current contact centre infrastructure and environment for video communications (including video endpoints)? What demands will video communications make on our network and how can we prepare for that?

- What impact would video chat have on our interaction time? How do we make sure we manage compliance and interaction recording on video technologies?

- How do we train and on-board video agents? Can we remotely monitor their video chats?

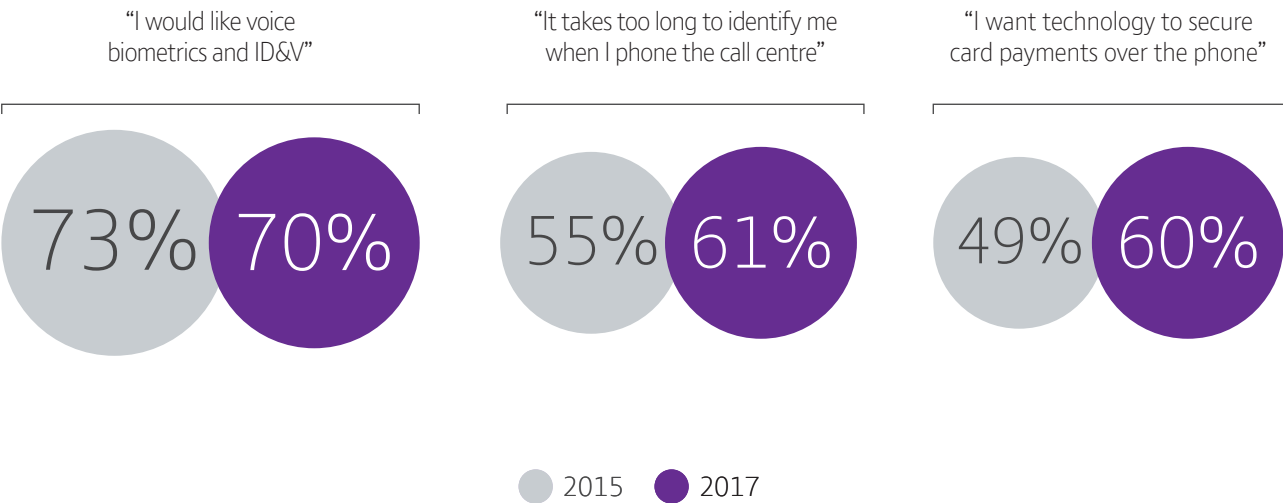# 6. Security matters: safer, simpler interactions drive sales

The message from consumers is crystal clear: they're set to buy more if they are sure that the transaction is secure. They want security to be strong but also much easier to navigate.

Onerous security requirements are a deterrence. Two thirds of people say it takes too long to identify themselves when they call the contact centre; they are equally frustrated by the verification processes around passwords, account numbers and card payments.

They are concerned about giving card payment details over the phone, or personal details during web chat. And they have doubts about the wisdom of using social media to communicate sensitive information to the organisation.

The good news is they are positive about technologies such as voice biometrics for identification and verification (ID&V), and voice recognition and keypad processes for card payments.

What steps could companies take to improve on security checks?

"I would like voice biometrics and ID&V"

73%   70%

"It takes too long to identify me when I phone the call centre"

55%   61%

"I want technology to secure card payments over the phone"

49%   60%

● 2015   ● 2017

Two in three customers like the idea of organisations using technology to identify them by voice to save time on the call.

How can you make security easier for customers?

Questions to ask yourself:

- How long does it take our customers to complete ID&V when they call us?
  What alternatives are there?

- What data comes into the contact centre? Where does it come from (phone, email, webchat, etc.) and how do we store it?
  How do we ensure the safety of that data (backup)?

- Who can see the data we store in the contact centre? How do we manage access rights?

- How can we ensure PCI DSS compliance on every financial transaction?

- How ready are we for new regulatory requirements including the EU's General Data Protection Regulation (GDPR) which
  comes into effect in 2018?

7. One step ahead: consumers are impressed by proactive service

People really like it when organisations take the initiative. Three quarters say they are willing to reward proactive behaviour with greater brand loyalty.

There has been a huge increase in the number of consumers willing to share their data, and people increasingly understand the trade-off: a majority are ready to share their location automatically in return for better service or particularly

good offers. Around half might share their social media profile with their bank, supermarket or utility company if doing so would improve customer service. Using big data, AI and business analytics will give organisations new insights into

consumer behaviour which they can use to anticipate customer needs and offer solutions in advance.

Would you be open to sharing your location automatically with companies using GPS if it meant you recieved good offers or an improved customer service?

Yes: **45%** 2015

Yes: **57%** 2017
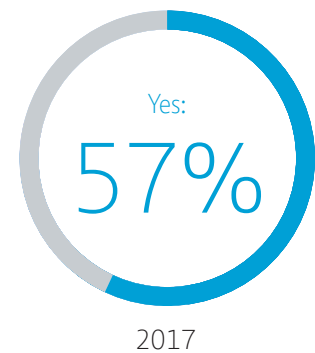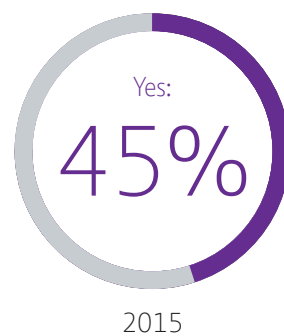
Consumers are very open to this personalised activity (after all, it's what they get from Amazon and Netflix). For example, they'd like organisations to notice when they have a problem online and get in touch to help. Or remember when the car needs a service. They'd like

webpages tailored to their preferences, behaviours, location and device. Notifications are also very popular – by email, phone and, to a lesser extent, social media and chat – and across a whole range of activities, such as when an account balance is below a minimum,

prices are changing or a contract period is coming to an end. They'd even welcome remote monitoring of devices, so they get an alert when a household appliance is about to break down.

78% of consumers like it when organisations notice they have been having difficulty with a website/completing an order and contact them directly to try and help.

To what extent can your organisation proactively address customer issues?

Questions to ask yourself:

- How can we be more proactive in our customer contact strategy? And where on the customer journey? To what extent do we know our customers' pain points, motivators, preferences, and needs?

- What kind of proactive service would improve our customer experience?

- What data do we need to collect to help us shape that proactive service? What form is that data – structured or unstructured?

- To what extent are we gathering enough data to identify emerging trends? Do we have the right tools to do this? How can we link all our data sources together for analysis?

- How do we share knowledge and data about customer issues across the business so that we can identify/rectify common problems and improve the customer experience?

8. Chat, tap, talk: delivering the right journey for every customer

Consumers want consistency, but not uniformity. In every market, eight out of ten consumers say large organisations should always offer different channels to meet their needs. One path will not suit all.

An immediate challenge is to integrate traditional talk-based contact with digital type-based services in a way that lets customers choose their own route. But the picture gets more complicated when we compare social groups. Younger (16 to 34) consumers and those in fast growing Asian markets want to use 'type' social media, messaging and chat services.

Older, more affluent consumers and those in the US and European countries show a preference for 'talk' – the phone and face to face communications.

Customer service is the key driver of purchasing choice but half of consumers say that their current experience, from research and purchase to customer service, is inconsistent. Organisations need to hide the complexity of multiple channels and make it easy for the customer to travel to their destination. In other words, work must continue to build a true omni-channel experience.

61% of consumers will change how they contact an organisation depending on their situation.

Visionary, utilitarian and customers in crisis: the big three customer behaviours

Customer behaviour falls into three broad categories[4]: visionary, utilitarian and customers in crisis. One individual can behave in all three ways, even in a single journey. Understanding this is central to creating the right experience for each customer.

Visionary

Visionary customers are in pursuit of a lifestyle goal, maybe a big purchase such as a house or holiday. They are motivated and positive and willing to invest time in researching their options, and may actively enjoy doing so. They'll use any channels that will help them achieve their goal.

Utilitarian

Not every experience needs the 'wow' factor. Utilitarian customers just want to get routine stuff done, unexciting tasks like paying bills, buying a train ticket or ordering groceries. In terms of the customer's time and energy, these are low value tasks and emotionally neutral (as long as they go to plan). Utilitarian customers appreciate any channels that help them get the job done.

Customers in crisis

Customers in crisis need an urgent solution to a problem. They are often driven by frustration, anger, worry or other negative emotions, which makes them unwilling to tolerate any channel that does not take them towards their goal. They want the reassurance that often comes from traditional channels such as face-to-face and the contact centre.

How smooth are your customer journeys?

Questions to ask yourself:

- Which channels do our customers/groups of customers prefer?

- To what extent do different customer experiences across various channels and media lead to business results such as purchase, registration or abandonment?

- How far do our customer journeys put the customer at the centre?

- To what extent do our CRM and related systems support a customer-centric approach?

- How integrated are our different media channels? How does the technology mix satisfy both our business priorities and customer expectations?

In conclusion

We can say with some confidence what consumers want: an easy journey to their destination, using whatever vehicles they choose.

Making that a reality is still a big challenge. The pace of change is getting faster. What defines a great customer experience is getting more complex.

It's helpful to think about tackling the issue in four steps:

| Define the customer journey | Start by looking at how customers interact with your organisation when they need to, such as when they're purchasing a product or making a complaint. Identify the key stages in each customer journey and highlight the touchpoints where customers come into contact with you. |

| Understand customer behaviours and expectations | Then consider what customers are trying to achieve at each stage. Is it a simple task they need to complete quickly? An important interaction that needs more time and attention? An issue that requires urgent assistance? Think about how customers are behaving and what expectations they might have. |

| Choose the right technology mix | Now you can think about technology and how it can enhance each journey. What's appropriate for a routine task? Can the customer speak to someone easily if they need to? Could they send an SMS and get an immediate response? Finding the right technology mix can impact your customer experience and your bottom line. |

| Analyse customer interactions | Finally, analyse each customer journey to assess the actual costs and benefits of the technology mix. Customer feedback, NPS and cost per transaction are all good ways to do this. Consider how new technology, such as messaging and chatbots, could be incorporated into your customer contact strategy to reduce costs, boost efficiency, and improve the customer experience. And when it is incorporated, is it being effective? |

In addition, your customer experience strategy must be underpinned by a robust and secure infrastructure. With 65 per cent of CIOs admitting that their current IT infrastructure struggles to support new digital technologies[5], the way forward is to move towards cloud-based services, along with a more hybrid network. That means using digitally-enabled PCI-compliant contact centres, data centres, omni-channel services and business analytics in the cloud. A more agile, virtualised network will make it easier to scale bandwidth in line with customer demand, or test and roll out new digital services for customers.

Delivering the convenient, personal experience that today's autonomous consumers seek isn't easy. But it is possible. Organisations who turn to their technology partners will find all the skills, expertise and innovative thinking they need to deliver for their digital customers.

Methodology

This research is based on a survey of 5,000 consumers across ten countries – Belgium, China, Germany, India, Netherlands, Singapore, South Africa, Spain, the UK and the USA – in August 2017.

The research is with online consumers matching the nationally representative population structure of each market.

It is the latest in a series of research carried out by Davies Hickman Partners since 2010 for BT and its partners. Eight of the markets researched in 2017 are the same as those researched in 2015. These form the basis of the trend data.

The research, data and views in this report have been prepared in good faith but BT, Cisco and Davies Hickman Partners do not accept responsibility for any actions or otherwise taken by those acting on the recommendations, advice and content contained in this report.

We're already working with retailers, banks and airlines around the world, sharing our experience and skills to help them better understand their customers and shape the right digital experience for their brand and business. For the CEO or CIO, for whom digital transformation of the customer experience is a priority, BT is the partner to choose. Visit www.bt.com/digital-customer to find out more.

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Find out more at: www.bt.com/ChatTapTalk