GETTING TO KNOW THE CONNECTED CONSUMER

New research reveals insights into consumers' experiences, preferences, perceptions and expectations.

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The need to know your customer has never been more crucial than it is today. Technology has always had great influence over our lives, but the accelerated rate of change has caused businesses to take note in a profound way. There are new roads for opportunity and disruption, and the biggest change is that the roads are no longer one way.

It is one thing to say you know your customers, but truly another to say you understand them. Think about your work colleagues; you feel you know them pretty well, but I would venture a guess that you truly only understand a few of them. I would go further to say that the need to understand your customers is the defining factor in retaining them, growing and changing your business.

Understanding your customer as it applies to the customer experience is a broad topic that can impact many different aspects of your business. Let's focus on understanding your customer service preferences.

Sure, your call center reporting gives you a breakout of how your customers are contacting you. But should this be your only guide to what channels you need to invest in and how you develop your five-year plan? Does usage indicate preference? Our research, created with our research partner **Digital Roots**, sheds light on the fact that you need to go several layers deeper to truly understand your customer.

In the 2014 Consumer Edition of the *Customer Experience Benchmark Series,* we decided to bring into focus not only consumer usage, but also their experiences, preferences, perceptions and expectations.

The report canvased nearly 20,000 individuals in the primary channels of support for today's customer care organizations, including traditional, interactive, social media and mobile. It is important to know not only what channels your customers are using, but also understand and appreciate their preferences, expectations, experiences and perceptions.

Preferences

By definition, preference refers to "the set of assumptions related to ordering some alternatives, based on the degree of happiness, satisfaction, gratification, enjoyment or utility they provide; a process which results in an optimal 'choice.'"

The definition goes further to say that preference is not always stable over time. This adds even more complexity and the need for customer experience professionals to track and build processes that enable them to stay in tune with their customer base. Customer experience professionals live this every day, and trying to keep up with customer preferences is challenging. Do people use the channel they prefer? In our report, customers were asked, "If you knew your issue would be fully resolved regardless of channel, what channel would you use?" The results were compelling. (See Figure 1.)

Thirty-one percent of traditional care users said they would use interactive care rather than traditional care (phone and email) if they knew their issue would be resolved. So what does that mean? Are these users shying away from interactive channels because the processes are broken and limiting, or is there a perception issue? Of course, for every business the story is different, but the data suggests that companies need to look beyond usage stats to understand preference and determine future investments and opportunities.

Experiences

Brands are more aware than ever that bad customer service experiences can haunt them forever. Just count how many times you have heard the "United breaks guitars" story. (Raise a hand if you would rather not hear it again!) The list of brands that have felt the power of social media amplify a negative customer experience is long, and they know the potential for it to live on indefinitely. According to our data, almost 30% of the U.S. population has had an interaction with a brand's customer care organization within the past 12 months. You can see a detailed breakout of these channels in Figure 2.
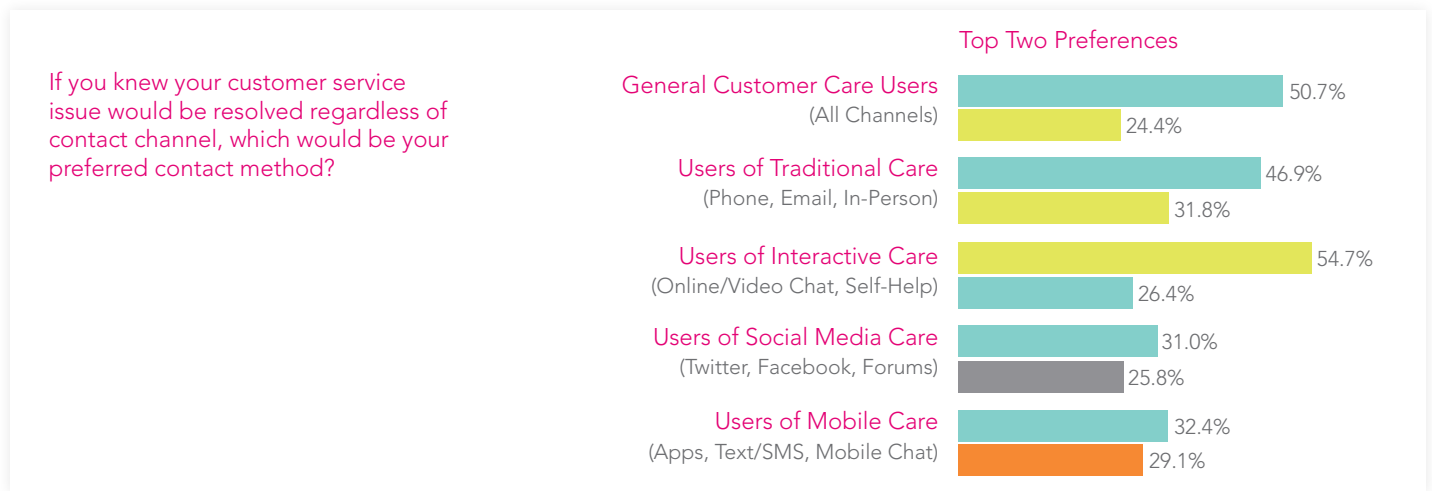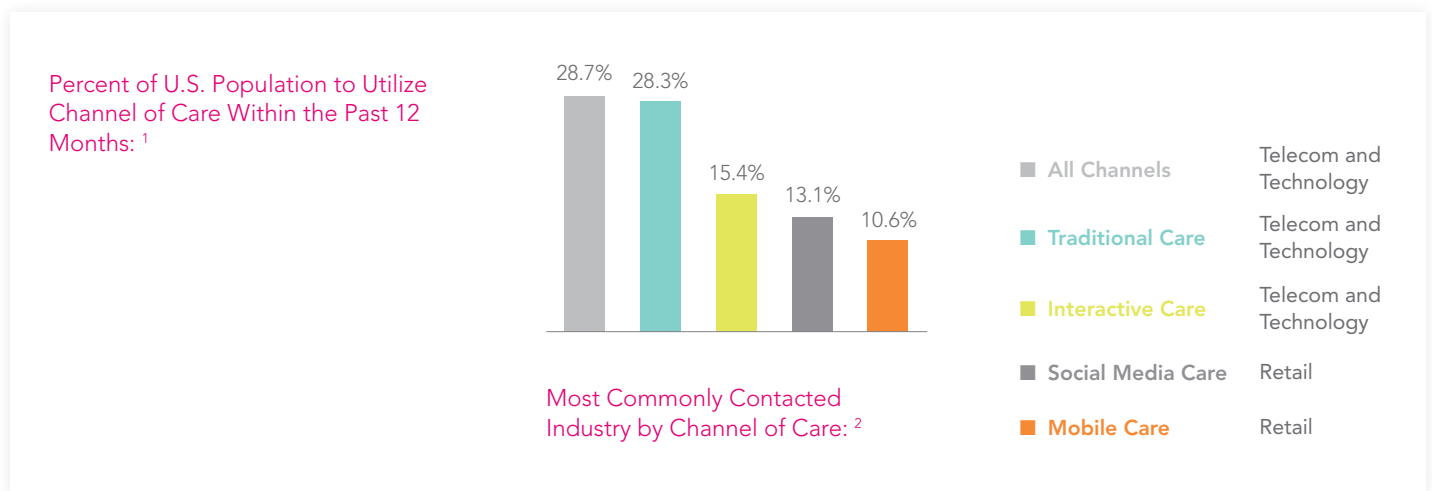
FIGURE 1: Preferences

Top Two Preferences

If you knew your customer service issue would be resolved regardless of contact channel, which would be your preferred contact method?

General Customer Care Users
(All Channels)
50.7%
24.4%

Users of Traditional Care
(Phone, Email, In-Person)
46.9%
31.8%

Users of Interactive Care
(Online/Video Chat, Self-Help)
54.7%
26.4%

Users of Social Media Care
(Twitter, Facebook, Forums)
31.0%
25.8%

Users of Mobile Care
(Apps, Text/SMS, Mobile Chat)
32.4%
29.1%

FIGURE 2: Experiences

Percent of U.S. Population to Utilize Channel of Care Within the Past 12 Months: [1]

28.7% 28.3% 15.4% 13.1% 10.6%

All Channels	Telecom and Technology
Traditional Care	Telecom and Technology
Interactive Care	Telecom and Technology
Social Media Care	Retail
Mobile Care	Retail

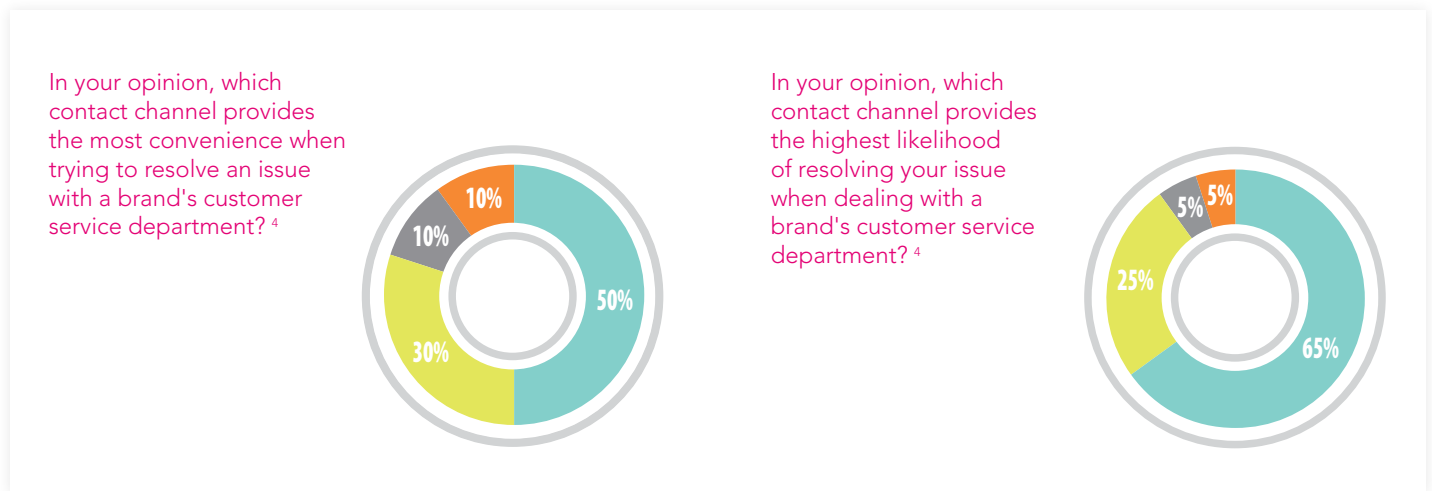Most Commonly Contacted Industry by Channel of Care: [2]

The data is both exciting and worrisome. A brand has a great opportunity to connect with their customers every day to deepen the relationship and establish customer loyalty. Yes, of course, mistakes will be made and problems and failures will be exposed, but how brands choose to act on these *#fails* will ultimately be the true test. As in any relationship, if you have strong communication, sincerity and a great track record, the relationship is more likely to survive the bump in the road. I would venture to say that a truly strong customer relationship has the potential to do the same. Experiences are powerful, both good ones and bad ones.

Perceptions

Again, I think the definition of the word lends good context. Perception is "an attitude or understanding based on what is observed or thought."

As if a customer experience professional's job wasn't hard enough, it now requires them to go even further to understand what is driving customer perception. With the explosion in

FIGURE 3: Perceptions

In your opinion, which contact channel provides the most convenience when trying to resolve an issue with a brand's customer service department? [4]

10%
10%
30%
50%

In your opinion, which contact channel provides the highest likelihood of resolving your issue when dealing with a brand's customer service department? [4]

5%
5%
25%
65%

communication, customers are more plugged in. Therefore the experiences of their friends and networks build their sentiment toward a brand and, ultimately, their perception. Regardless of the work and effort you have put into a specific channel, customers will have a slower adoption rate if they perceive it to be inadequate. If, for example, a customer's preference is to communicate on social, but they perceive social to be ineffective, what channel will they ultimately choose? (See Figure 3.)

More than ever, companies need to communicate and showcase their communication channels and demonstrate their efficiencies. Customer care needs the assistance of marketing to find ways to overcome negative perceptions of care in the marketplace and translate their customer experience plan into real-life services from which customers can benefit.
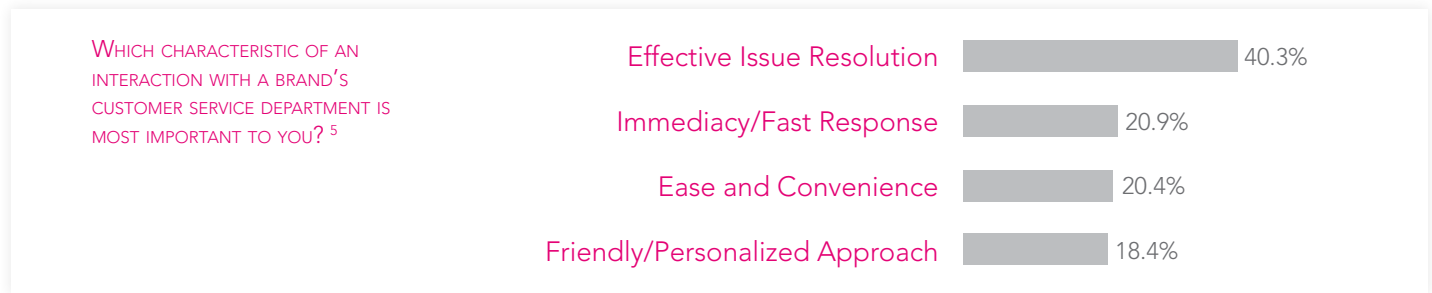
Expectations

We have heard some great stories of customer surprise and delight that are typically rooted in this quote. One of my favorites is the WestJet story where a virtual Santa Claus booth was set up in the lounges so customers could chat with a remote Santa and record what they wanted for Christmas. The airline then surprised the travelers upon arrival at their destination with the gifts they had wished for. They thrilled customers who, at the end of the day, weren't expecting anything beyond what was required from the airline.

In reality, all relationships have certain expectations and the one between a customer and a brand is no different. It is critical for organizations today to know what these expectations are. The design of your customer care strategy must be rooted in your customers' expectations. In our 2013 study, we saw that personalization, immediacy and ease of use were the growing expectations of most customers; however, this year, we see that resolution has become the top requirement. In fact, 40.3% of people define "issue resolution" as the most important part of an interaction with a brand (see Figure 4). This is a true test for many organizations as it goes beyond the confines of customer service. IT, logistics, operations, outside business partners and others may hold a stake in effective issue resolution, but customer care will be the face of it all. Organizations that have built a culture of putting the customer first are most likely excelling in this area. An open-culture organization without silos is able to work together to collect feedback and fix the processes that block effective resolution.

"Your customers' expectations will change as quickly as technology and consumer culture."

FIGURE 4: EXPECTATIONS

WHICH CHARACTERISTIC OF AN INTERACTION WITH A BRAND'S CUSTOMER SERVICE DEPARTMENT IS MOST IMPORTANT TO YOU? [5]

Effective Issue Resolution	40.3%
Immediacy/Fast Response	20.9%
Ease and Convenience	20.4%
Friendly/Personalized Approach	18.4%

The bottom line cannot be better summarized than with this key statistic:

78% of consumers feel that the customer service departments of today's companies are generally not meeting their needs and expectations.

There is a great deal of work to be done. If your brand's customers are lucky enough to fall into the other 22% of this statistic, you might feel there is reason to celebrate, but I would caution you to make it brief, as your customers' expectations will change as quickly as technology and consumer culture. Service organizations that are strongly connected to, not only customer data, but also customer expectations and perceptions, will have greater insights into how to grow and diversify their customer care strategies.

The expectations of consumers are expanding, which means organizations need to be extra savvy with the strategies and tactics they use to move forward. The findings in this year's Consumer Edition of the *Customer Experience Management Benchmark Series* are a critical component in the development of a customer care program that doesn't just meet customer expectations, but exceeds them. ℗

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The Customer Experience Benchmark Study, created in 2012, is a joint project between *Execs in the Know* and *Digital Roots.* All studies can be downloaded at www.Execsintheknow.com.

You can learn more about *Digital Roots* at www.digitalroots.com.

The full Consumer Report will be released in Memphis at the *Customer Response Summit*, September 22nd-24th.

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