

THE AUTONOMOUS CUSTOMER



Working together

Understanding the challenges of dealing with
informed, demanding and networked customers

January 2011



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1

Introduction from BT Global Services and Avaya

Customers are vital to any organisation, and success depends on keeping them happy. Today's customers want timely, personalised and easy access to services – wherever they are, at any time of day, through any device. They ask more varied and complex questions. They expect their enquiry to be dealt with by an informed expert, irrespective of which channel they choose.

As well as meeting these rising customer expectations, organisations are under increasing pressure to improve efficiency and reduce costs – all at a time of considerable financial uncertainty. So it's easy to see why the contact centre industry, caught between rising customer expectations and the need for business efficiency, has reached a tipping point that's driving organisations to change the way they work and how they service customers.

The contact centre 'mission' used to be to process lots of calls, fast. But it's no longer that simple. The demands being placed on contact centre staff are increasingly complex and technical as consumers become better

informed. The traditional contact centre model is breaking down, and being integrated with new technologies.

This consumer research will help you understand the changing behaviours that do, and will continue to, impact on the way you manage your customers. It follows on from a 2007 study called *Fragvergence: Changing consumer attitudes to diverse contact channels*. 'Fragvergence' described two trends in the marketplace: convergence and fragmentation. As communication devices, networks and software converge in capability, their use is increasingly fragmented. While some experts believe consumers will migrate to use just one all-powerful channel for all customer contact – for example, the Internet with VoIP or a fully enabled mobile handset – research suggests that fragmentation is the more likely outcome, at least in the short to medium horizon.

The Autonomous Customer looks at the key changes in consumer behaviour and channel choice, and, more importantly, what this means for organisations in 2011 and beyond.

1

Introduction from BT Global Services and Avaya

What are the main findings?

Communication channels are changing the way people work and play. Customers have evolved more dramatically than the organisations that serve and employ them. These changes are driving the emergence of the autonomous customer – who is highly networked, very demanding, time poor, looking for value and increasingly turning to fellow customers and away from brands and institutions.

- The vast majority (78%) are 'shopper swots' who use the Internet to plan and research before they buy, reading product reviews and taking up self-service options.
- The autonomous customer generally regards self-service as a good thing, as it puts them in control, and means no one tries to sell them anything.
- 43% prefer to deal with organisations over the Internet, but will still reach for the phone when they can't help themselves, need advice, or get frustrated. This often means they're contacting organisations about more complex and emotive issues.
- However, 60% say they continually change their preferred contact channel depending on where they are and what they're doing.
- The autonomous customer often cuts organisations out of the loop entirely. Fuelled by social networks and peer reviews, 51% trust the advice of unknown others on forums and review sites over an organisation's official website.
- Almost half of them (46%) regard customer loyalty as a thing of the past.
- Some 83% of customers state that they'll buy more from companies that make it easier for them to do business with.
- The growing number of smartphone users display the above behaviours even more strongly than online consumers.

1

Introduction from BT Global Services and Avaya

Approximately a third of respondents had access to smartphones. The research shows smartphone users are leading edge customers – and they may provide key insights into the future of consumer behaviour.

They operate in both the real and virtual world, are usually well informed and, as a consequence, can be extremely demanding. 16% of them have used barcode scanning apps to compare prices online and offline when deciding where to buy. They're also more likely to challenge staff when they feel they haven't got a bargain or, more critically, have spotted an inconsistency in information between the real and online world.

They are using all channels, with 48% of them calling contact centres to seek advice after they've looked things up online or

tried serving themselves. By the time they hit the organisation, they're often better informed than the frontline advisers who answer their call – 79% say *they always or sometimes know more about the product or problem than the call centre agent.*

As a consequence, 93% are happy to *have their call transferred to an expert who can answer their increasingly complex demands.*

Connectivity is driving the autonomous customer, and unless organisations respond using appropriate channels and expertise, they risk being bypassed altogether. Understanding how customer behaviour is changing will help organisations to devise strategies to improve the customer experience across all channels.

2

Executive summary

Customer autonomy is the new trend in consumer behaviour which challenges the existing customer relationship strategies of both companies and public sector organisations.

The autonomous customer is independent, well informed, more influenced by other consumers than by brands and turning away from organisations as sources of trust and advice. This is the conclusion from the research with 1,000 consumers in the UK and US and it shows customers are moving faster than the organisations which serve them. They are managing their own customer relationships, increasingly reducing the influence and role of brands and institutions.

Yet for over 20 years, organisations have tried to build relationships through CRM systems, loyalty schemes and online marketing. Involving considerable investment, this effort is under threat from the autonomous customer.

Why do I need to focus on autonomous customers?

Autonomous customers are challenging loyalty towards organisations with significant changes in attitudes and behaviour:

- Shopper swots - Of the 70% of all adults who are now online in the UK, 78% plan their purchases and carry out product research on the Internet before they interact or buy.
- Internet self-service is no longer second rate - 58% of online consumers agreed that *self-service is good because it puts them in control*. 59% agreed with the statement *I prefer purchasing online because no one tries to sell you anything*.
- Customers helping customers - Consumers are helping each other, some 37% of respondents contribute to online reviews like Trip Advisor, and 51% said they *trust online customer forums more than an organisation's website*.

- Turning away from brands and institutions - Some 46% of online consumers said that *loyalty to companies is a thing of the past*.
- Super-charged by Smartphones - For the 35% plus of online consumers who have a Blackberry, iPhone or smartphone, the autonomous customer behaviours are multiplied. For example, 63% of smartphone users say *they use online vouchers to get the best prices, compared to 43% of others*.

Welcome to an Omni Channel future

The wide range of new channels and technologies – smartphones, webchat, social media, location based services, iPad, etc – mean there are more ways of contacting organisations. Consumers want channel options:

60% say I continually change how I contact an organisation

Although the phone (84%), e-mail (80%), internet self-service (72%) and face to face (64%) are the top future channels for contacting organisations, other options like voice self-service (37%), customer forums (30%) webchat (29%) and Facebook (16%) are becoming popular options.

Contrary to what some believe, the 16–24 year old age group most enjoys going to the shops compared to online shopping. And they are almost as likely to want to use the phone and e-mail to contact organisations as their parents and grandparents.

2

Executive summary

How do I reconnect with autonomous, omni channel customers?

If consumers are generally turning away from organisations, turning instead to other sources of information and advice from online communities, how can organisations re-connect with their customers and drive relationships and loyalty?

There are two key areas that organisations need to focus on in their response to the autonomous customer:

- making contact easier
 - integrating service across omni channels.
1. Reduce the effort consumers use to interact by phone and website - 83% of respondents agreed with the statement *I buy more from companies that make it easier for me to do business with them.*
 2. Use voice self service where possible to reduce cost - Some 77% say it can be a quick and efficient way to access organisations.
 3. Drive internet self-service - 58% of respondents said *sometimes I just prefer not to speak to anyone and get things sorted using Internet self-service.* Increasingly this is a customer preference.
 4. Overcome concerns about security – 63% agreed *I am put off some suppliers if there are too many password and ID details.* ID&V is expensive for organisations and time consuming for consumers and 48% agree they *like the idea of being identified by voice biometrics.*
 5. Harness the willingness of customers to help each other – More and more people are turning to online reviews and advice and 52% of 16-24 year olds agree *when I want to sort out a problem I increasingly use online forums.*
 6. Use the phone to build relationships – As simple queries go online, there are opportunities to use call centres to engage with customers and deal with emotional or complex queries. But the phone is still underperforming as a channel with, for example, 62% agreeing *the music and messages you hear while on hold often don't provide a good impression of the company.*
 7. Deploy experts – Rather than struggle with first line support, 93% of respondents said they are *always or sometimes happy to be transferred to another person who is trained to answer more complicated queries.* Overall 86% agreed that *a good experience with a call centre agent impacts positively on my loyalty towards an organisation.*
 8. Embrace mobile service – smartphone users are even more likely to phone organisations, but they look for a wide range of ways of interacting with organisations. Also, location based services offer the opportunity to develop mobile and proactive service strategies.
 9. Has video's time finally arrived? – Long predicted as an emerging channel, but now 28% of UK online consumers and 32% of US consumers said it would really add value if they *could use online videos to get instructions about how to use products and services.*
 10. Understanding customers - The end point of the drive to re-connect with the autonomous customer is understanding customers across all contact points by using CRM and analytics. Whether it's through cross-selling on the phone, proactive web-chat, marketing offers through e-mail, websites or mobiles, all channels need to be tied together and data used to improve service. Some 39% agree *it would really add value if the offers of services and products organisations made to me were more relevant.*

3

Background and Methodology

This report presents the findings from research commissioned by BT Global Services and Avaya and carried out by Davies Hickman Partners (www.davieshickman.com). We interviewed 1,000 online consumers in October 2010: 500 in the UK, and 500 in the US. The aim was to understand how consumer attitudes to dealing with organisations are changing. The research is a follow-up to previous studies: *Fragvergence: Changing consumer attitudes to diverse contact channels* (2008), and the *Demand Delta* (2006).



The research, data and views in this paper have been prepared in good faith but neither Avaya, BT Global Services or the authors of the reports can be held responsible for any actions or otherwise taken by those reading the paper.

4

Introducing the autonomous customer

For many years, organisations have worked hard to build relationships with customers through good service, CRM and loyalty schemes. But changes in consumer behaviour and access to more channels are driving the emergence of the autonomous customer – an independent and less predictable end-user.

What are the drivers of the autonomous customer?

The Autonomous Customer

Shopper swots

Internet self service no longer second rate

Customers helping customers

Turning away from brands and institutions

Supercharged by smartphone

Shopper swots

Of the 70% of adults who are now online in the UK, 78% plan their purchases and carry out product research on the Internet before they buy. They have become shopper 'swots', reading up on product quality with some 75% checking online reviews before buying to ensure they make the right choice. Armed with knowledge, they are often better informed than staff.

Internet self-service no longer second rate

Overall, 58% of online consumers agreed *that self-service is good because it puts them in control*. The frustrations of inaccurate frequently asked questions, endless searches and clunky purchasing journeys have given way to a more seamless Internet self-service.

59% agree I prefer purchasing online because no one tries to sell you anything

Customers helping customers

The 'collaborative consumer' has been widely predicted, and is becoming a reality through social media. Consumers are increasingly turning away from organisations and asking each other for advice and recommendations instead. Some 37% of respondents contribute to online reviews like Trip Advisor, and 51% said they *trust customer forums more than an organisation's website*.

4

Introducing the autonomous customer

Turning away from brands and institutions

Some 46% of online consumers said that loyalty to companies is a thing of the past. Only 24% agreed with the statement *when I like a brand, I stick to it* – a decline of over 20% on responses from 2008. Some CRM targeting is not helping matters, with 39% of respondents agreeing that it *would really add value if the offers and products organisations made to me were more relevant*.

Super-charged by smartphones

For the 35% plus of online consumers in the UK and US who have a Blackberry, iPhone or smartphone, these behaviours are multiplied. These consumers have the power of information in their hands and are using it when shopping and interacting with organisations.

66% of smartphone users have phoned a call centre in the last month, compared to 50% of other customers

These drivers combine to create the autonomous customer and fuel the on-going trend of the public becoming more demanding. Some 53% say *I know about good service because I provide customer service in my own job*.

Channel adoption is fragmenting

In spite of the success of smartphones, consolidation of communication into one device has yet to occur as consumers use different technologies for different purposes. For example the iPad is popular for its large screen, while people are happy to have long calls on iPhones and webchat on their PCs. The data shows some use the mobile broadband for on-the-go internet access, while others use Wi-Fi in cafes and airports.

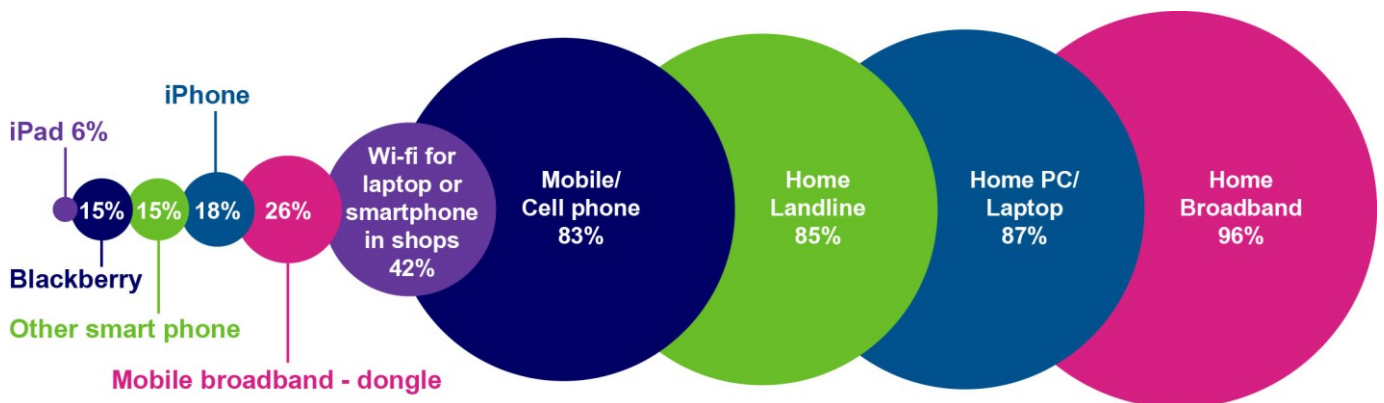
Smartphone users compared to online consumers. Agreeing with the statement...



4

Introducing the autonomous customer

Did you use any of the following technologies in the last 6 months?



An omni-channel future?

An important characteristic of the autonomous customer is a preference for using a range of channels to contact organisations.

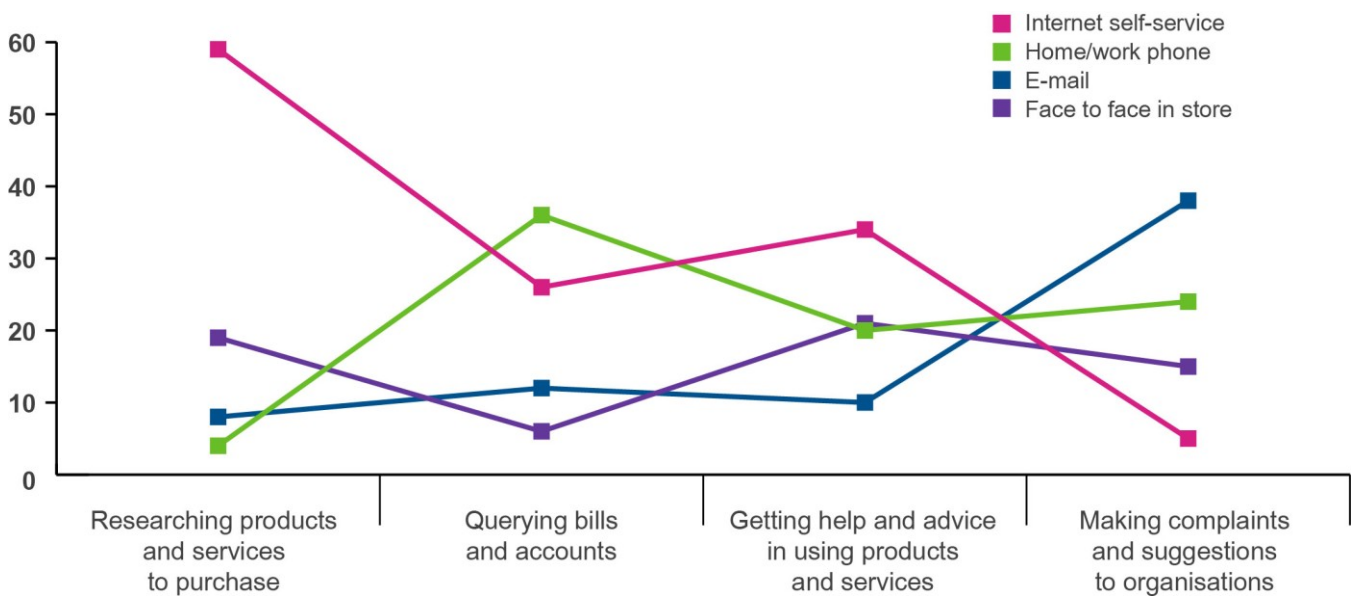
60% say I continually change how I contact an organisation

Consumers do feel some channels are more suited for particular purposes with the internet being favoured for research and face to face preferred for complex tasks.

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Introducing the autonomous customer

What is your first choice channel for the following purposes?

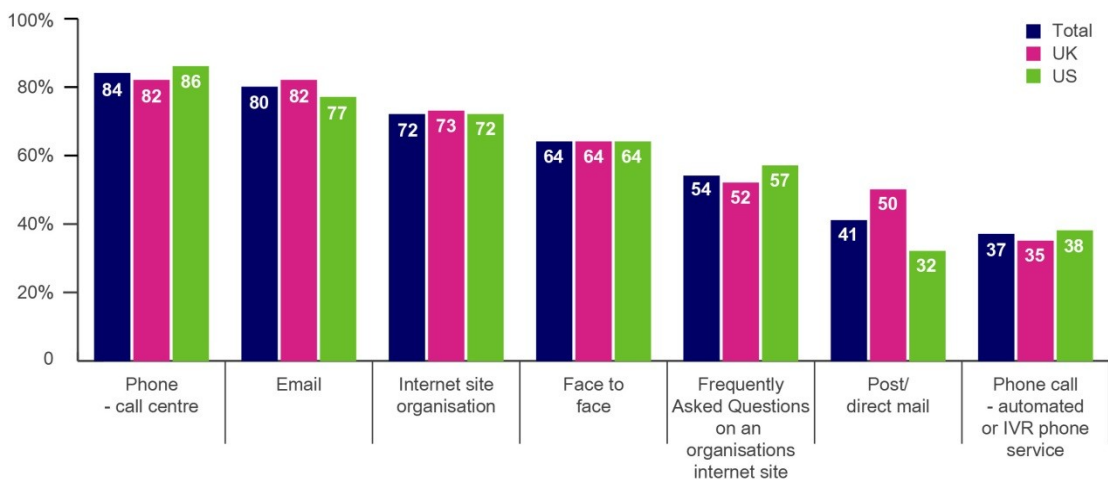


Autonomous customers prefer an omni channel strategy going forward, using a mix of traditional and new channels to contact organisations depending on their mood, mode and the occasion. Some 34% would like to use text messaging in the future and 16% Facebook.

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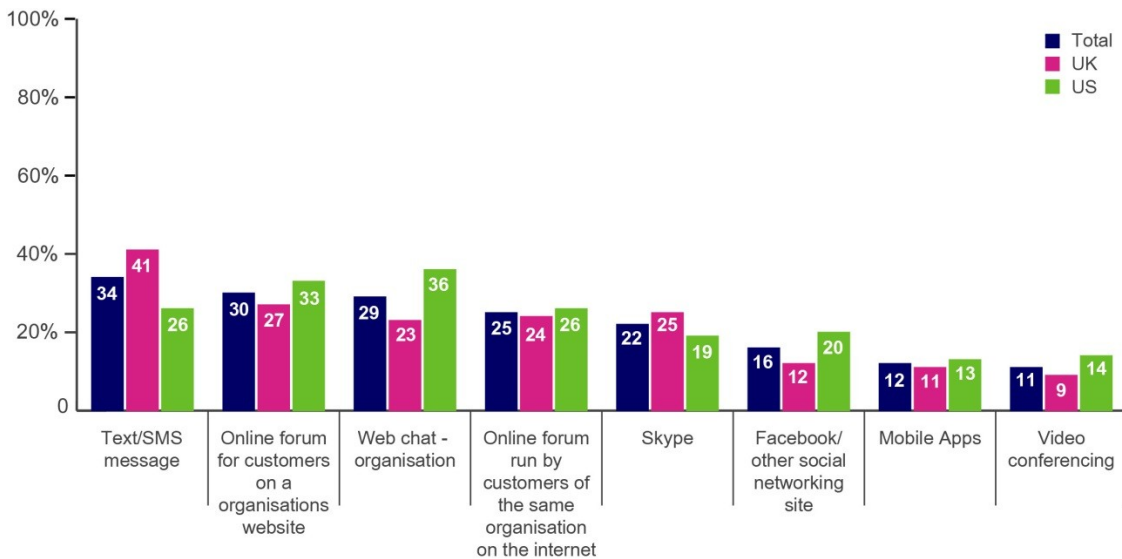
Introducing the autonomous customer

Which of these channels would you consider using in the future to contact organisations?



There are some socio-demographic differences between consumers, with older people generally preferring traditional channels. However, contrary to popular belief, the 16–24 age group enjoy going to the shops more than online shopping and are just as likely to want to use the phone and e-mail in the future.

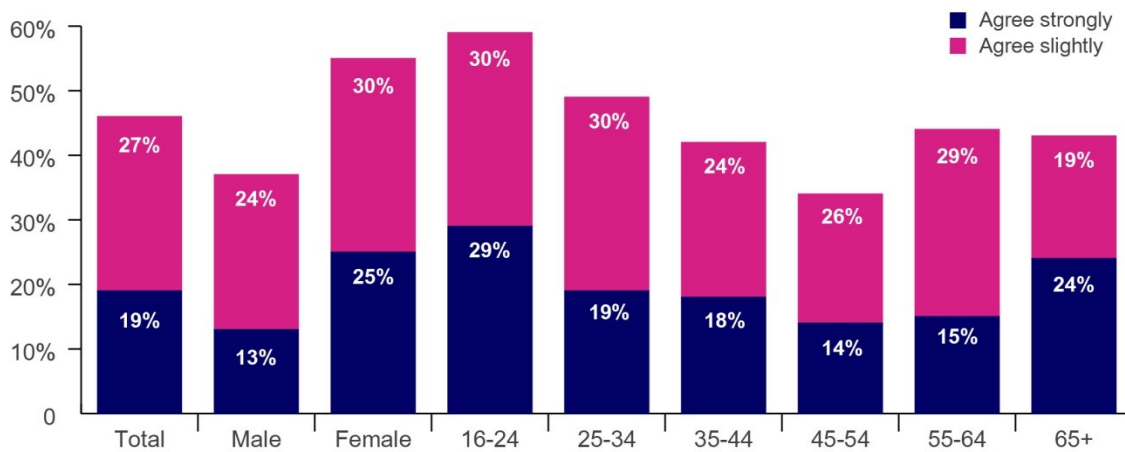
Which of these would you consider using in the future to contact organisations?



4

Introducing the autonomous customer

I enjoy going to the shops more than online shopping



5

How should organisations reconnect with the autonomous customer?

If consumers are generally turning away from organisations, turning instead to other sources of information and advice from online communities, how can organisations reconnect with their customers and drive satisfaction and loyalty?

Improve ease of business

Organisations are finding it more difficult to 'lock-in' consumers to long-term relationships and their ability to switch is being driven by technology. One response is to improve ease of doing business to attract and retain consumers who are time starved and value convenient interactions.

Strategy first

The channel strategy of any organisation depends on the overall proposition in terms of price, product quality, brand, customer type and industry. For some, offering high prices, a wide range of channels and good-quality customer service will be essential. Equally, Ryanair makes the other case – that price is the key driver.

But channel strategy cannot be developed in isolation from consumers' changing behaviours, and people now expect an omni channel offering. Even in the public sector, where budgets are being increasingly squeezed, the public expect good quality customer service

83% of respondents think the government should offer the same service standards as companies

There are two key areas that organisations need to focus on in their response to the autonomous customer:

- making contact easier
- integrating service across omni channels

Making contact easier

Unless your overall proposition is unique, the gradual shift in power from producer ("any colour as long as it's black") to consumer ("I'm buying through Groupon") means that most organisations need to work with the changing expectations that go with omni channel access.

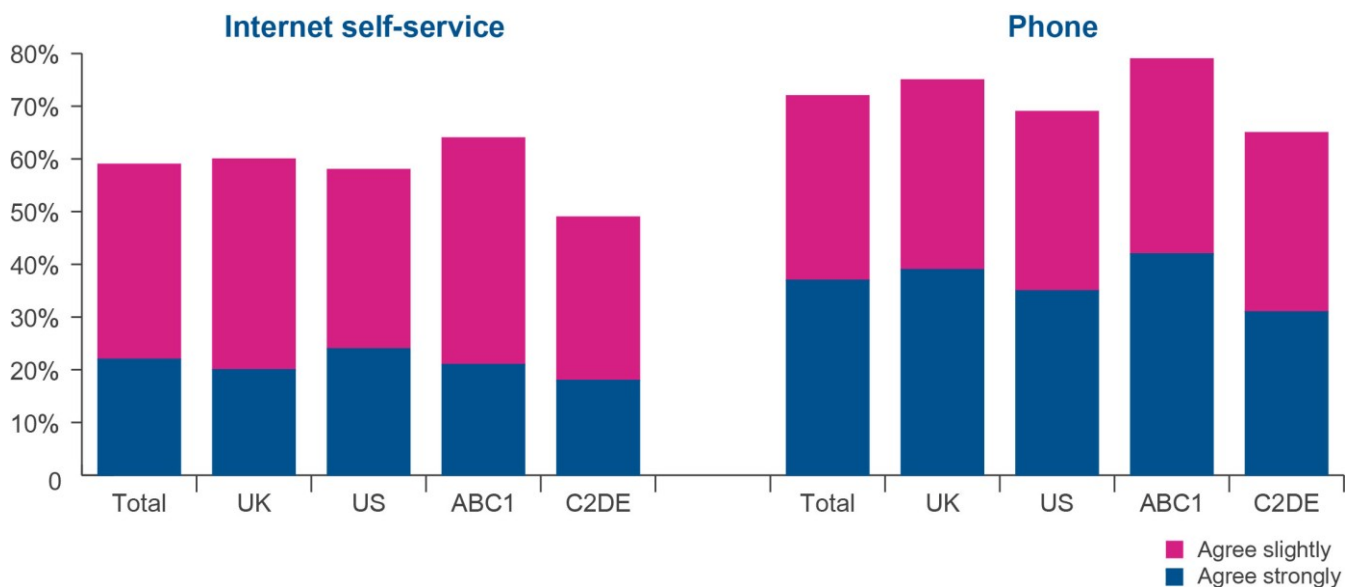
83% of respondents agreed I buy more from companies that make it easier for me to do business with them

Consumers feel that both of the main channels – phone and Internet self-service – need to improve in terms of the amount of effort and energy required to interact using these channels.

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How should organisations reconnect with the autonomous customer?

Organisations should think more about the energy and effort required to contact them by...



Voice self-service/IVR or offshoring?

Many companies have had success in offshoring calls to India, the Philippines, Egypt, Eastern Europe and South Africa. But consumers remain cautious about this change, with 87% saying *If I have a problem or complicated query, I do not want to deal with overseas call centres*. 79% say they would prefer calls to be taken by voice self-service rather than handled offshore.

Many large banks and utility companies are fully resolving more than 50% of call centre traffic using voice self-service. Some 77% say it can be a quick and efficient way to access organisations. But using this technology requires identification of simple tasks and excellent usability to meet the need of 'ease of doing business'.

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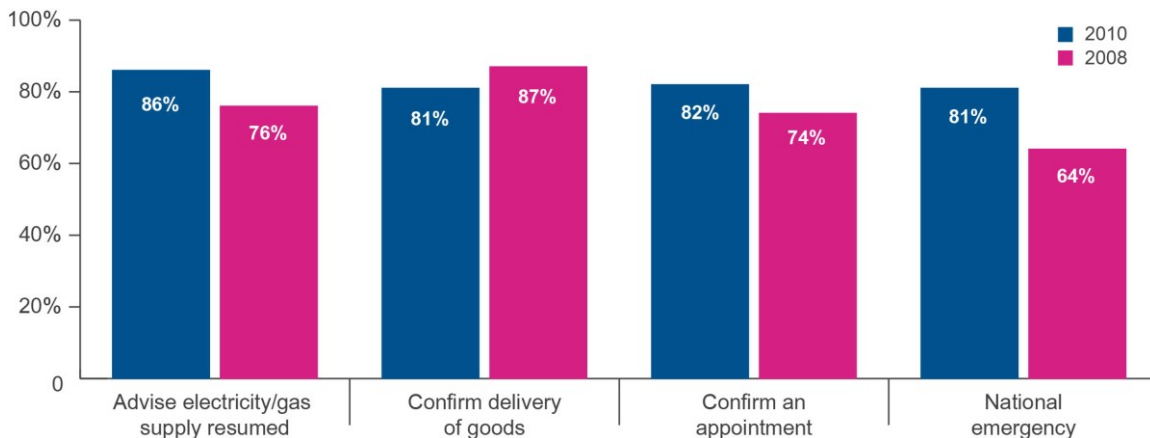
How should organisations reconnect with the autonomous customer?

Which would be most suitable for voice self-service/recognition?



Consumers are open to the use of outbound voice self-service as a way of improving service and reducing inbound call queries for reassurance and clarification.

Organisations want to ring up customers using Voice Recognition phone services. Which of the following do you agree are acceptable?



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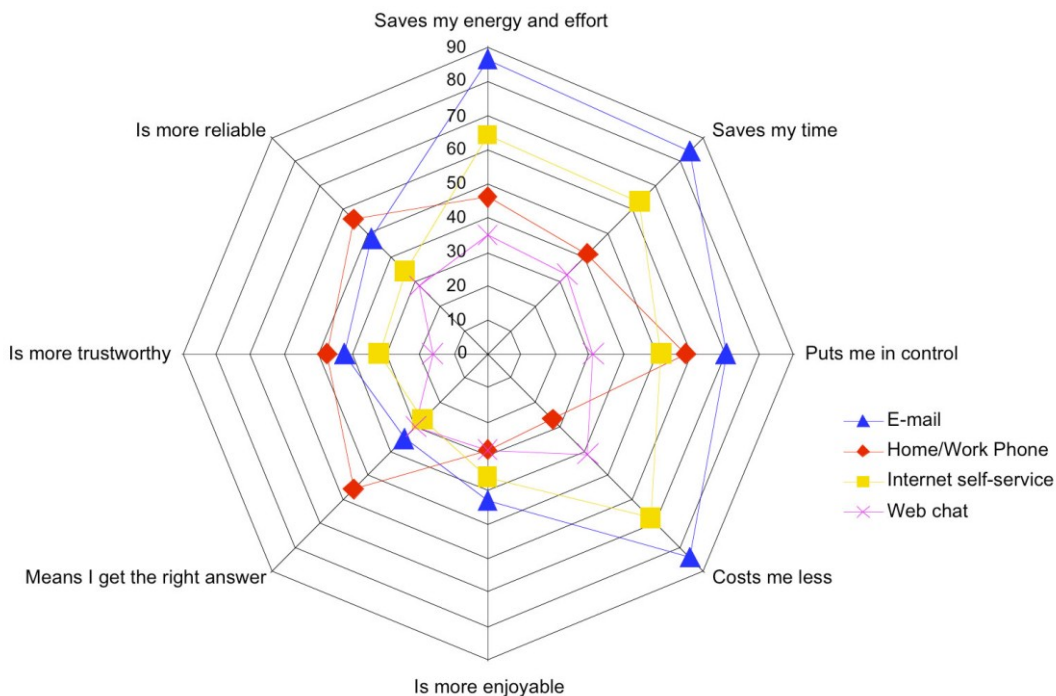
How should organisations reconnect with the autonomous customer?

Drive Internet self-service

The top channel strategy objective of the last 10 year, organisations are now looking to use proactive web-chat and dynamic websites to drive customer interaction and sales. Consumers value the autonomy of self-service, 58% of respondents agreed: *Sometimes I just prefer not to speak to anyone and get things sorted using Internet self-service.* But it is also important to drive Internet self-service for the right purpose, and to recognise the strengths of different channels.

63% of respondents agree It would really add value if my emails to organisations were always answered within two hours

How would you describe the following ways of contacting organisations? % agreeing

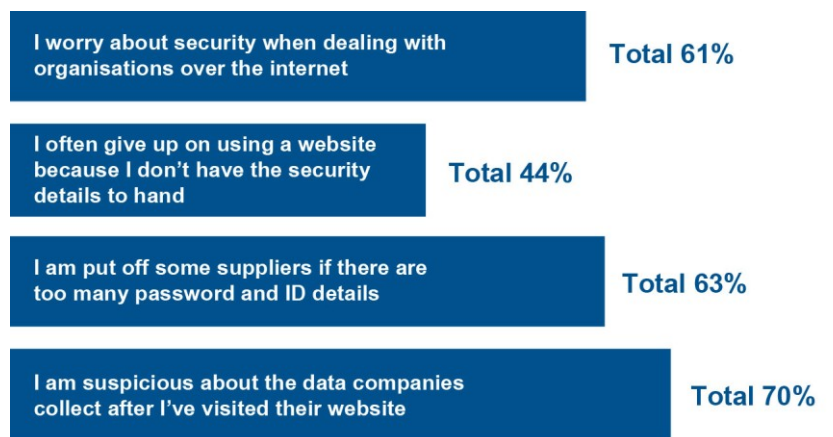


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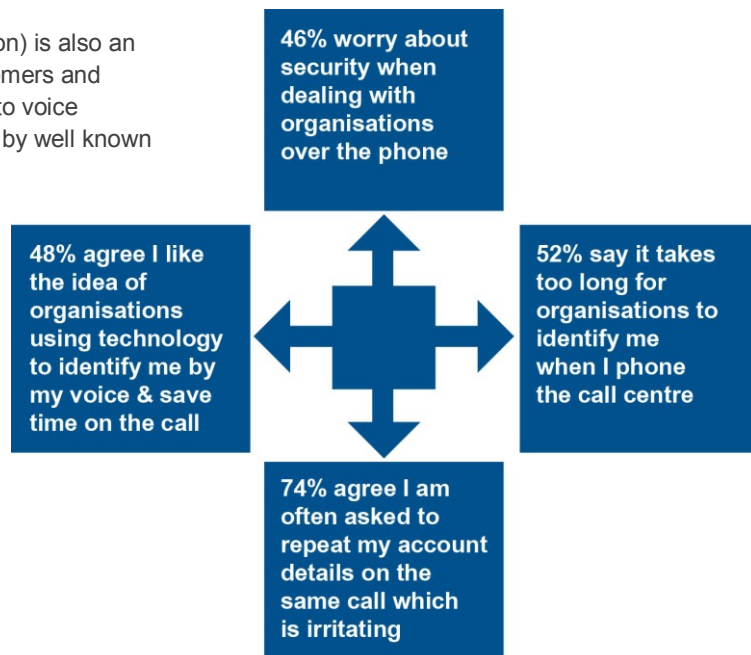
How should organisations reconnect with the autonomous customer?

Overcome customer security concerns

Consumer concerns over security remain a significant barrier to the take-up of Internet self-service. This is particularly the case with infrequent use of websites. There are a range of usability and technology enhancements that can improve ease of use. However, there is a contradiction – people are worried about security but get annoyed when it gets in the way of doing fast interactions.



Security and ID&V (identification and verification) is also an issue for calls as it is time consuming for customers and expensive for organisations. People are open to voice biometrics, a technology beginning to be used by well known brands.



5

How should organisations reconnect with the autonomous customer?

Harness customers helping customers

Identification security is a constraint, but consumers are willing to share their experiences with each other. There is clearly a greater tendency for younger people to use online customer forums to sort out their problems with a product or service.

Although this is one way to reduce call volumes, there are risks that the advice and information provided are not correct or supportive of the brand. Organisations will need to monitor the quality of customer to customer support to protect values of the brand.

Some consumers want to take things a step further. Although there is an age effect, some 41% said it would really add value to be a customer of a company that allows consumers to help decide on pricing, product and service. 48% of US consumers agreed.

Integrating new channels to engage

Some cost-saving, omni channel strategies have the effect of losing the power to influence people, and consequently create distant consumers.

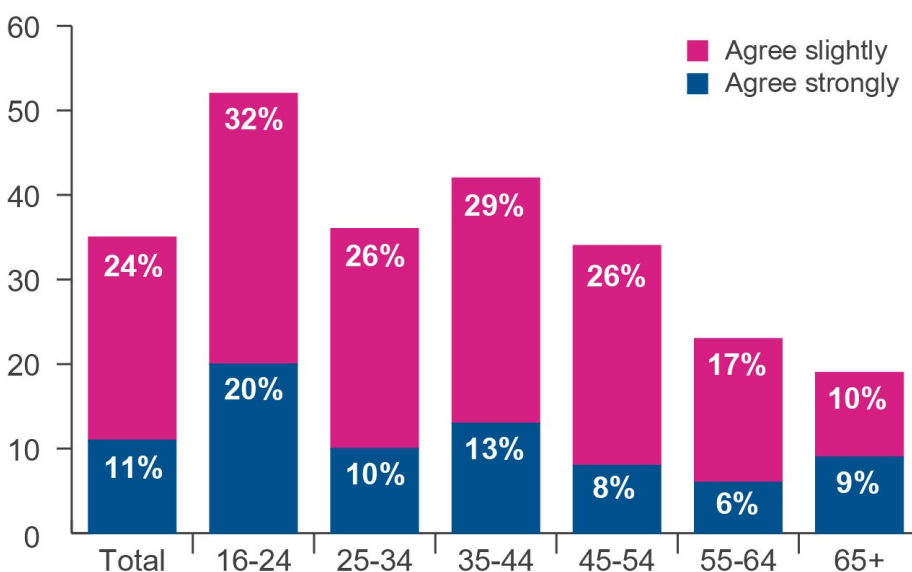
Organisations need to consider these key questions:

1. As consumers demand omni channel access how can organisations integrate and understand interaction to create opportunities to influence customers?
2. Is the organisation creating opportunities to cross-sell and up-sell to customers?

39% of online consumers have phoned a call centre in the last two weeks, and 70% in the last two months

A powerful two-way channel, offering cross-selling and up-selling opportunities, is the call centre. But it under achieves in terms of customer engagement, with frequent comments about length of queues, calls being transferred and agents not resolving issues. Although lean service and first contact resolution initiatives are helping, a range of other initiatives would improve the call centre experience for the consumer.

When I want to sort out a problem with a product or service, increasingly I use online customer forums



5

How should organisations reconnect with the autonomous customer?

Use the phone to build relationships

It would really add value if organisations would call me back when they say they will.

75% agree

I have better conversations with call centre agents if they have the same interests as me always or sometimes.

60% agree

It would really add value if I could email the same agent I speak to in a call centre.

60% agree

The music and messages you hear while on hold often don't provide a good impression of the company.

62% agree

Agents in call centres try to hurry your call always or sometimes.

69% agree

Use networked experts

56% of respondents agreed that *the calls they are making to businesses are getting more complex*, as they do the simple things online. Currently, consumers experience a number of frustrations with agents. In particular, they feel frustrated that agents always or sometimes:

- *struggle to answer my queries* (82% of respondents)
- *put me on hold because they don't know how to answer the query* (89%)
- *don't know what is on their own organisation's website* (78%).

This suggests two possible solutions. First, agents need better access to knowledge bases to answer queries, and consolidated desktops. Second, organisations need to configure their call centres so that contacts can be transferred to experts. 93% of respondents said they *are always or sometimes happy to be transferred to another person who is trained to answer more complicated queries*. A key opportunity to build engagement.

86% agree that a good experience with a call centre agent impacts positively on my loyalty towards an organisation

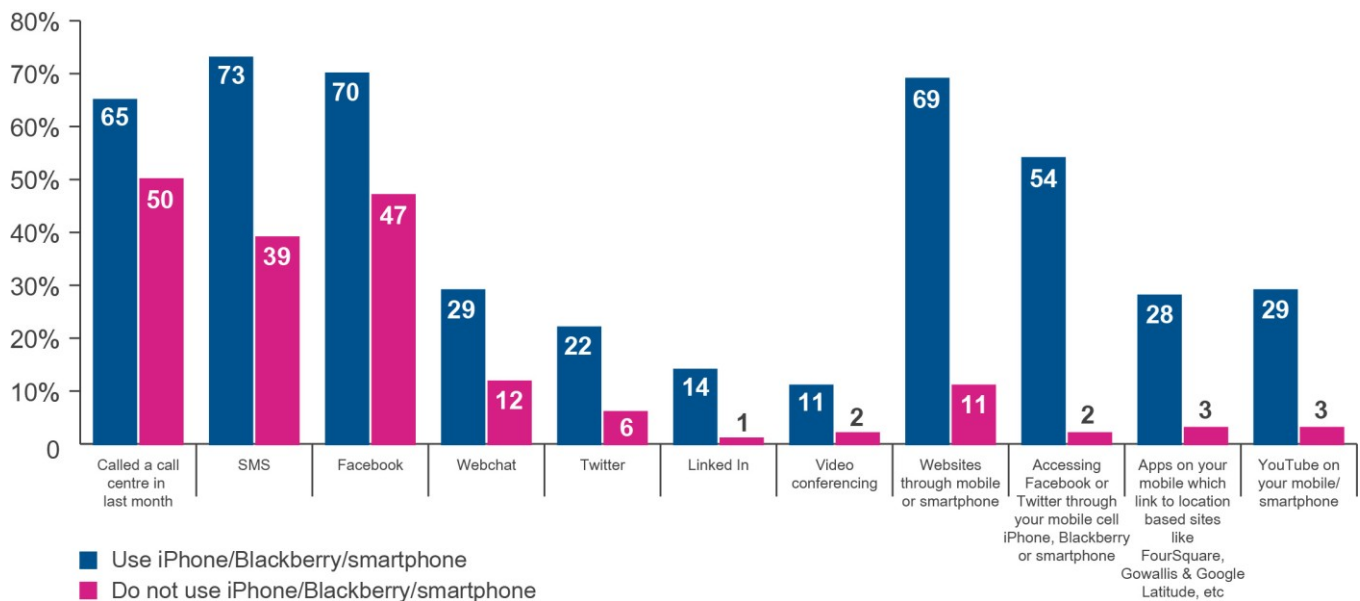
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How should organisations reconnect with the autonomous customer?

Embrace mobile service

The growing number of consumers with smartphones offer more opportunities to improve accessibility and market services to the public. Those who have a smartphone are much more active users of a range of channels, including the call centre.

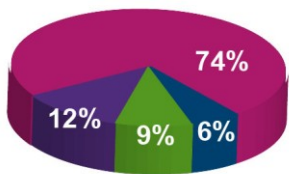
Comparing iPhone, Blackberry and smartphone users to others – agreeing use the following once a day to 2 or 3 times a week



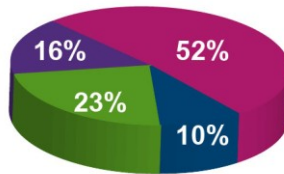
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How should organisations reconnect with the autonomous customer?

Consumers with smartphones are already using them to gain more advantage in dealing with organisations.



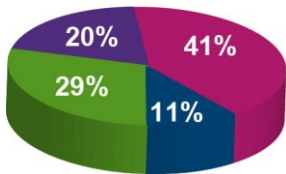
Scanned products in store using my mobile to find the best prices



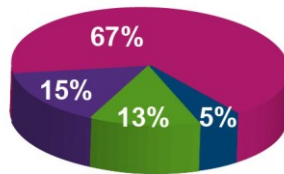
Phoned call centres while looking at their website or App on a mobile, Blackberry, iPhone or smartphone

■ Often
■ Sometimes
■ Rarely
■ Never

However, these behaviours further the concept of the autonomous customer.



Received SMSs from organisations to remind me of deliveries, appointments etc



Downloaded Apps from companies to get a better level of customer service

■ Often
■ Sometimes
■ Rarely
■ Never

And the emergence of 'check-ins' like Gowalla and Foursquare mean organisations will increasingly be able to offer services to customers based on their location.

58% of respondents wanted to regularly review and research products on their smartphones while they're shopping

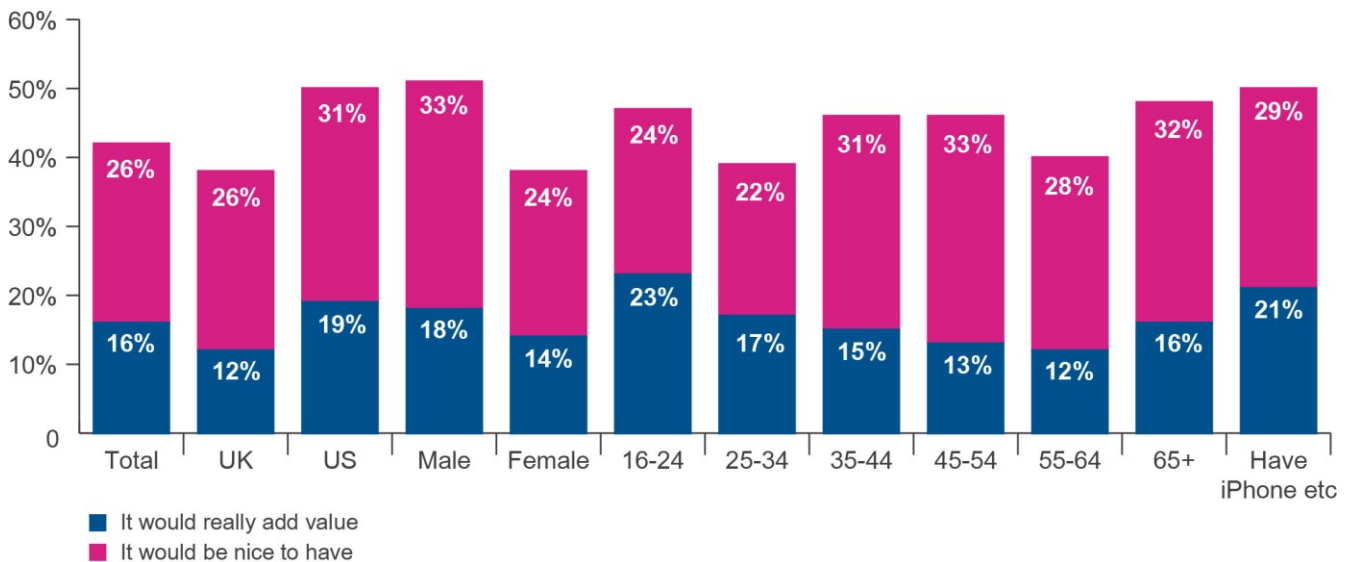
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How should organisations reconnect with the autonomous customer?

Has video's time finally arrived?

Although long predicted, the rapid pace of technology adoption by many consumers means there are considerable opportunities for innovation, including video. Some 18% of iPhone and smartphone users regularly use video conferencing. 28% of UK consumers and 32% of US consumers said it would really add value if they could use online videos to get instructions about how to use products and services.

If you could use video on phone calls to organisations to see the call centre agent you were speaking to...



5

How should organisations reconnect with the autonomous customer?

Understanding customers

The end point of the drive to re-engage with the autonomous customer is the use of CRM and database analytics to understand customers across all contact points. Tying together the increasingly fragmenting channels used by consumers, these technologies are one answer to keeping pace with customers interactions and making relevant offers to them.

Some 39% agree it would really add value if *the offers of service and products organisations made to me were more relevant*. So while autonomous customers are turning away from brands and institutions and towards each other, they are not closed to offers and propositions from organisations.

The winning organisations in the future will be those that can seize this opportunity while improving ease of business.

6

How can BT Global Services & Avaya help you deal with autonomous customers?

What BT Global Services and Avaya offer

BT and Avaya are a team with world-class individual strengths. Combine BT's position as a global leader in networked IT services with Avaya's market leadership in enterprise communications systems, software and services – especially in contact centre solutions and unified communications – and it's easy to see why we form such a powerful partnership.

Avaya's portfolio has helped BT consistently achieve the number one position in the UK for providing quality contact management solutions. Together we supply more than 900 contact centres and operate in more than 170 countries, providing innovative solutions to more than 200 global customers. So wherever you need us, we're already there. And with three of the top five UK banks among our customers, it's clear that quality and excellence are at the forefront of what we offer.

How BT and Avaya can help you deal with the autonomous customer?

Drawing on our in-depth experience as a global practitioner and our expertise as a leading supplier, we understand customers across all contact points and use CRM solutions that enable you to meet the challenges presented by autonomous customers.

Wherever you are on your journey, we can take you to where you want to be, at your own pace. Our proven capacity for systems integration means we can work with your existing contact centre investment. And the rise in cloud services allows us to offer innovative features such as payment and business continuity options, as well as fully scalable solutions, so you can flex up and down to meet demand – and simply pay as you go.

If you want to improve a single area of customer management, embrace opportunities offered by the latest systems, or mitigate potential exposure to the unexpected, we have the business understanding, the portfolio range, the partners and the deployment expertise to help you make your contact centre a greater success.

6

How can BT Global Services & Avaya help you deal with autonomous customers?

What the analysts say

“BT Global Services has developed and implemented new customer care systems that set unprecedented standards for customer interaction, timely response and/or attention to customer needs.” **Frost & Sullivan**

“Customer service is one of those things that operators talk earnestly about... and all claim excellence. For the first time in a long time, I got the impression that someone has grasped what this really means as a business... This is particularly relevant as telecoms and IT merge to become ICT. BT clearly understands this – many do not... Well done.” **Ovum**

“BT Global Services manages more than 4,000 contact centres for worldwide clients, of which more than 100 are fully hosted. This has enabled BT Global Services to develop deeper ‘bench strength’ for consultants in contact centre projects and a strong vision for next-generation contact centres.” **Gartner**

Offices Worldwide

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