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Driving Consumer Engagement With Automated Telephone Customer Service

A commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, Inc.

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Executive Summary

Automated telephone customer service, be it via touchtone or speech recognition technology, is one of many channels consumers can use to resolve problems, conduct transactions, modify accounts, or simply obtain information from companies with which they do business. Automated telephone customer service has become increasingly pervasive over the past several years as companies look for ways to reduce cost and increase efficiency within the call center. While the benefits to companies are clear, questions remain as to how engaged consumers are with automated telephone customer service systems. In June 2009, Nuance Communications commissioned Forrester Consulting to evaluate consumers' interest in automated telephone customer service systems, and to probe into situations where consumers find automated telephone customer service to be most useful and valuable. In conducting in-depth surveys with US online consumers, Forrester found that most consumers have engaged with automated telephone customer service systems, and that situations exist where the automated channel is preferred to speaking with a live agent — typically due to the 24x7 availability and quick resolution automation offers. Forrester discovered that consumers who regularly use cell phones to contact customer service are relatively more interested in using automated telephone systems for customer service interactions. Forrester also found that an overwhelming majority of consumers are interested in proactive notifications from companies with which they do business. Finally, Forrester discovered that gaining access to a live agent at any time during an automated speech recognition interaction, using accurate voice recognition software, and creating logical call flows are the key ways to improve automated systems. Overall, the data demonstrates the prevalence of the phone channel for customer service, which underscores the importance of both the contact center in general and the use of flexible, accurate, and intuitive automation systems in particular.

Key Findings

Forrester surveyed 1,001 US online adults who used a telephone to contact customer service within the past 12 months. Forrester's study yielded a number of key findings:

- **Consumers' satisfaction with customer service leaves a lot of room for improvement.** Only 49% of US online adults report being satisfied, very satisfied or extremely satisfied with companies' customer service in general.

- **Consumers engage with automated customer service on a regular basis.** Eighty-two percent of US online adults report engaging with automated telephone customer service over the past 12 months, second only to live agent interactions (93%).

- **Consumers rate automated telephone customer service higher than live agents for certain straightforward interactions.** In five of the 10 posed scenarios, consumers rated an automated channel (touchtone or speech recognition) higher than engaging with a live agent over the phone. Consumers' rating of automated telephone customer service declined as the nature of the customer service interaction grew more complex.

- **Consumers who frequently contact customer service from a wireless phone are relatively more amenable to automated telephone customer service channels.** About one-third (32%) of consumers regularly use a cell phone to contact customer service. The data indicates that in nearly all scenarios, mobile customer service users rate using automated telephone customer service systems higher than those consumers who do not regularly contact customer service using a cell phone. This is significant due to Forrester's expectation that the number of wireless-only households will continue to grow, reaching 19% of all US households by 2013.

- **The 24x7 availability of automated telephone customer service is a key attribute in consumers' minds.** Seventy-seven percent of consumers pointed to 24x7 availability as a reason they value automated telephone customer service systems. Another 40% valued that they didn't have to wait on hold for a live agent, while 31% cited the ability to obtain information quickly.

- **Consumers today are overwhelmingly interested in proactive customer notifications across a variety of industries.** For each of the five industries included in the survey, consumer interest in receiving some form of proactive notification was very strong, ranging from 80% (for cable television operators and telephone companies) to 93% (for travel-related companies).

- **Opt-out, accurate software and logical call flows are essential components of a "great" automated speech-enabled customer interaction.** Sixty-seven percent of consumers claimed that having the ability to speak to a live agent at any time is necessary in order to consider an automated speech-enabled customer service interaction a "great experience." Systems can be enhanced by improving the accuracy of the software and employing thorough and logical call flows.

Consumers Are Regularly Engaging With Automated Telephone Customer Service

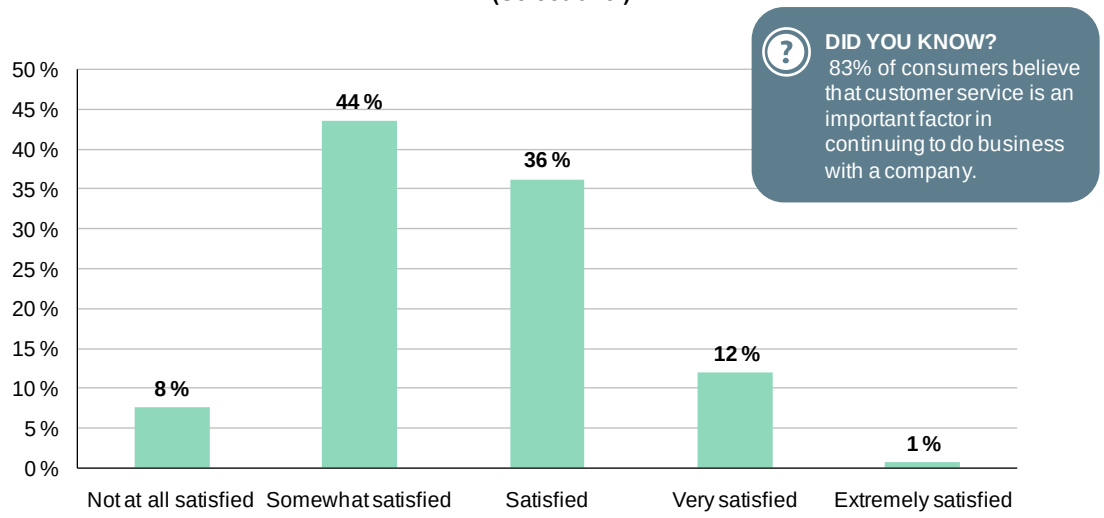
Customer Service Is Critically Important To Consumers, Yet Satisfaction Levels Show That There's Room For Improvement

Consumers place significant emphasis on customer service when making their purchasing decisions. Eighty-four percent of US online adults believe that customer service is an important factor in continuing to do business with a company. Overall customer satisfaction levels do not keep pace: just 49% of consumers are satisfied, very satisfied or extremely satisfied with customer service departments in general (see Figure 1). Although only 31% of consumers are satisfied, very satisfied, or extremely satisfied with automated telephone customer service systems, the percentage of those who were very or extremely satisfied (9%) is comparable to those who were very or extremely satisfied with customer service in general (13%).

Satisfaction is, naturally, driven by good and bad customer experiences. When asked about what factors contributed to a positive experience, 68% of consumers identified "speaking with a live agent," yet only 9% of consumers identified this as the *single* most important factor. While consumers frequently cite live agent interactions for good customer service experiences, those interactions can also be the primary source of bad customer service experiences. Overall, 83% of consumers attribute some part of a bad customer service experience to live agent interactions — quite a bit higher than the 51% who attribute some part of a bad customer service experience to an interaction with an automated telephone customer service system (see Figure 2).

Figure 1: 49% Of Consumers Are Satisfied With Customer Service Departments In General

"How satisfied are you with your interactions with customer service departments in general? (Select one.)"

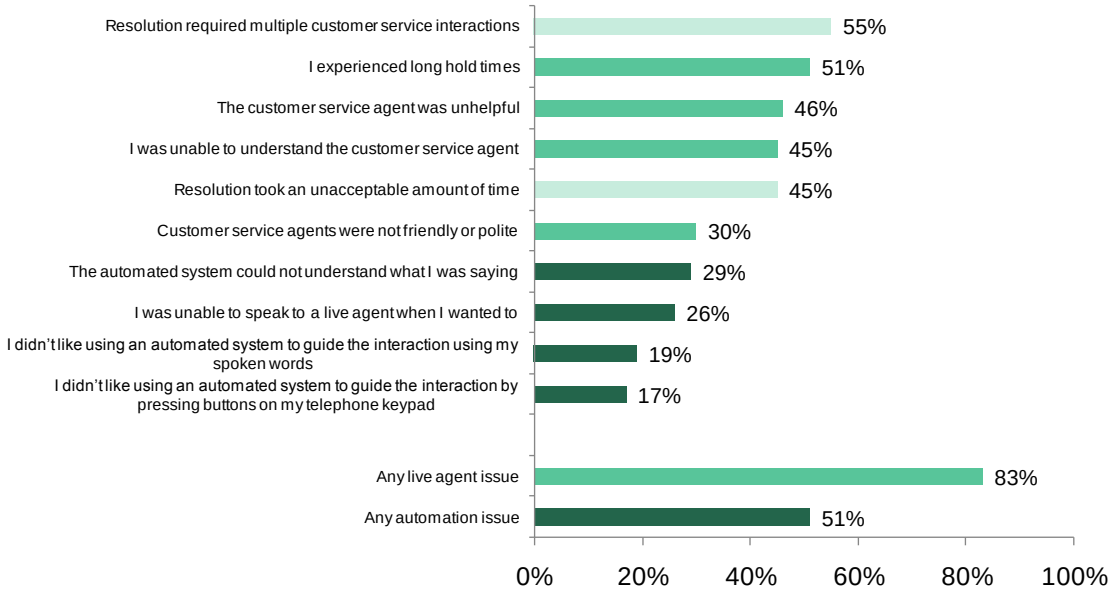


Base: 1,001 online US consumers who have used telephone customer service in the past 12 months (percentages may not total 100% because of rounding)

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Figure 2: 83% Of Consumers Indicate That Live Agent Issues Contributed To Bad Customer Service Experiences

"Thinking about that same bad phone-based customer service interaction, which of the following factors contributed the most to that negative experience? (Select up to five.)"



Base: 942 online US consumers who have used telephone customer service in the past 12 months and can recall a bad customer service experience

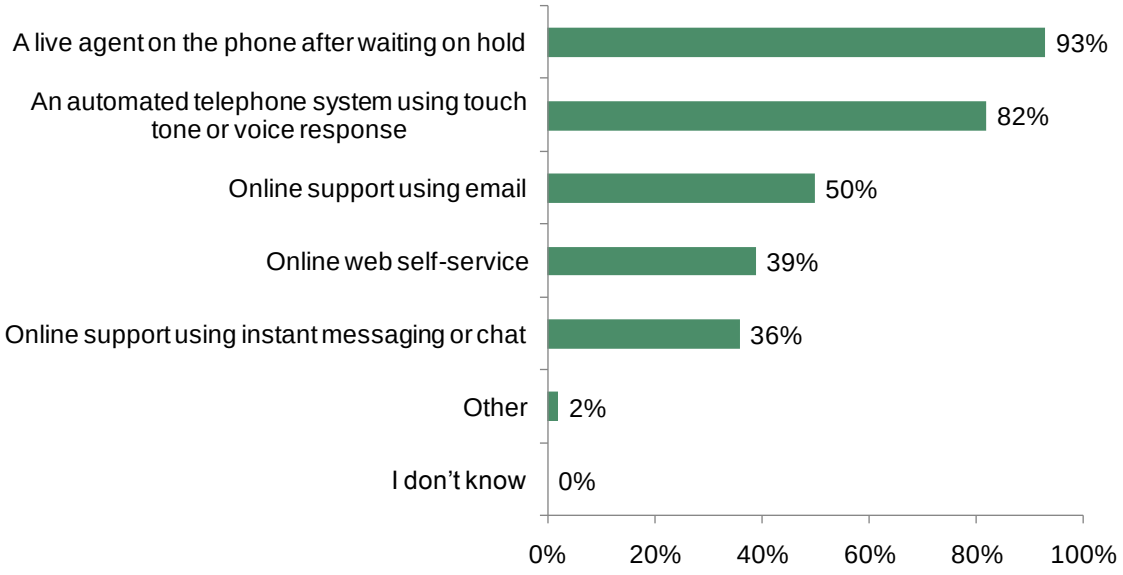
Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Automated Telephone Systems Are An Expected And Accepted Customer Service Channel Today

Automated telephone customer service systems are approaching ubiquity. Over the past 12 months, 82% of US online adults have used an automated touchtone or speech recognition system to contact customer service; that figure trails behind only live agent interactions, with which 93% of consumers have engaged (see Figure 3). Eighty-seven percent of consumers indicate that they encounter automated customer service systems at least half the time they use phone-based customer service. Once engaged with an automated telephone customer service system, the great majority of consumers (74%) typically use the service either all the way through to resolution of the service issue (10%), or until such time as they need to speak with a live agent for further assistance (64%) (see Figure 4). Consumers also accept automated telephone systems as part of the customer service process today, with 65% expecting to encounter a speech recognition or touchtone system when they use phone-based customer service.

Figure 3: 82% Of Consumers Have Used An Automated Telephone System Using Touchtone Or Speech Recognition To Contact Customer Service

"Think about your customer service experience over the past twelve months, which of the following methods have you used to contact customer service? (Select all that apply)"

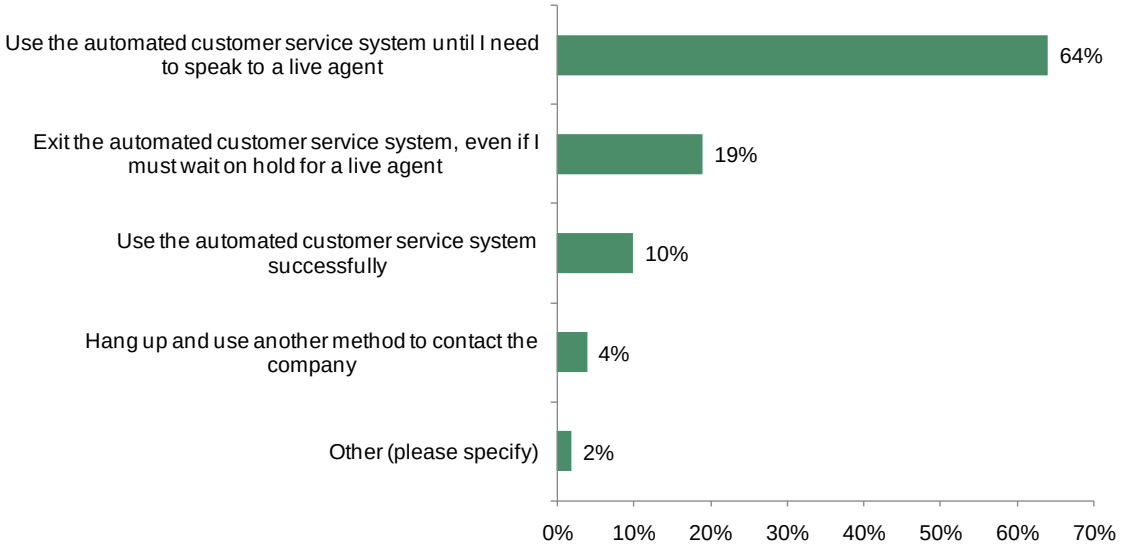


Base: 1,001 online US consumers who have used telephone customer service in the past 12 months

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Figure 4: A Strong Majority Of Consumers Typically Accept And Use Automated Phone Customer Service Systems

"In general, when you encounter an automated telephone customer service system, which of the following best describes what you typically do? (Select one.)"



Base: 1,000 online US consumers who have used telephone customer service in the past 12 months and have used an automated telephone customer service system

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

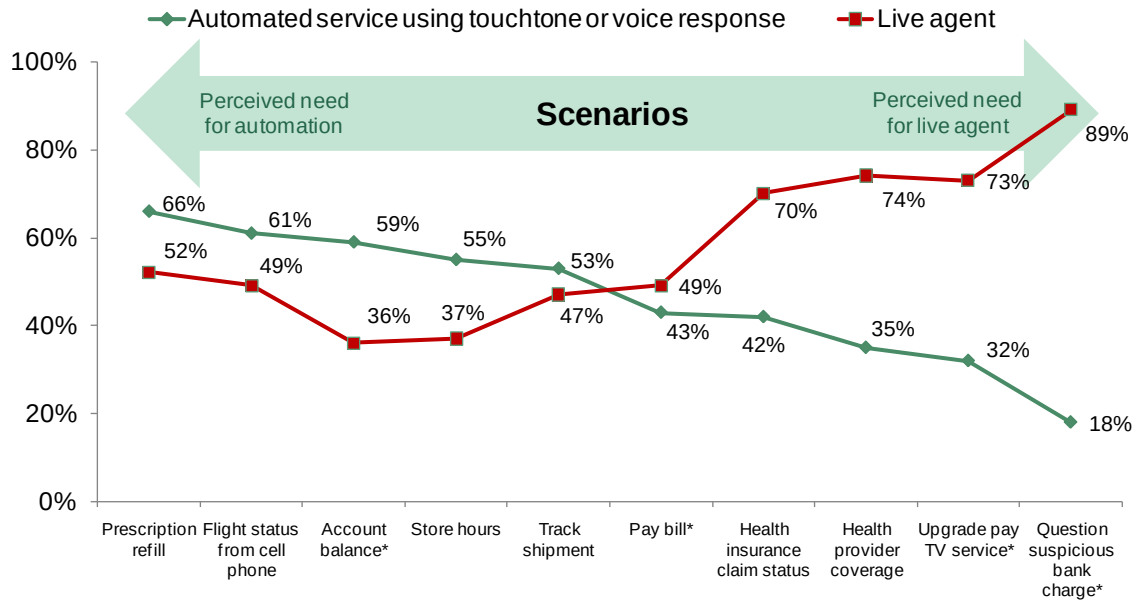
Consumers Are Interested In Using Automated Telephone Customer Service

Consumers Prefer Automated Telephone Systems To Live Agents For Customer Service In Certain Situations

One of the key challenges for automated system vendors and their customers alike is identifying the best situations in which to employ automated touchtone or speech recognition systems in order to drive customer satisfaction and reduce cost (by reducing consumers' reliance on live agent interactions). Within the survey, consumers were presented with specific scenarios to consider, ranging from simple (checking an account balance) to complex (questioning a suspicious bank charge) and were asked to rate a variety of customer service channels for accomplishing each task. The results show that in certain situations, consumers are relatively more interested in using automated touchtone or speech recognition systems than dealing with a live agent over the phone (see Figure 5). In fact, consumers preferred automated telephone customer service systems over live agent interactions for tasks like prescription refills (66% rated automation highly, compared with 52% for live agent), checking the status of a flight from a cell phone (61% versus 49%), checking account balances (59% versus 36%), store information requests (55% versus 37%), and tracking shipments (53% versus 47%).

Figure 5: Consumers Prefer Automated Customer Service Channels In Certain Situations

"How would you rate the following methods for obtaining this information?"
(percentages represent 8, 9, and 10 responses on a scale from 1(low) to 10 (high))



Base: 501 online US consumers who have used telephone customer service in the past 12 months
*Base: 500 online US consumers who have used telephone customer service in the past 12 months

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

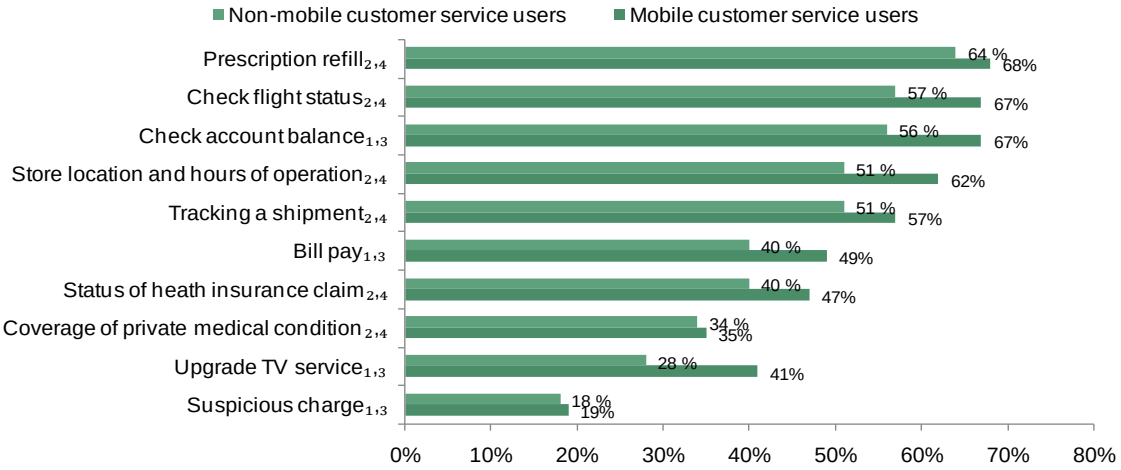
Cell Phone Users Are More Receptive To Automated Telephone Customer Service Systems

Thirty-two percent of US online adults report having frequently contacted customer service from a cell phone. These "mobile customer service users" are relatively more receptive to touchtone and speech recognition systems than are those consumers who do not frequently contact customer service from a cell phone (the "non-mobile customer service users") in nearly every tested scenario (see Figure 6). In all but three scenarios, the amount by which the mobile customer service users' ranking of automation surpassed that of the non-mobile customer service users exceeded the margin of error in the study.

Forty percent of consumers report having contacted customer service while "on the go" using a cell phone at least once in the past 12 months. Use of mobile phones to contact customer service will grow as consumers become increasingly dependent on their cell phones. For a growing number of consumers, their wireless phone is their only phone. According to Forrester's forecast models, wireless-only households have grown from 5% in 2003 to 14% today, and will reach 19% by 2013. As more consumers become dependent on their cell phone as their only phone, Forrester anticipates use of phone-based customer service from cell phones to increase — which would similarly trigger stronger consumer ratings for automated telephone customer service systems.

Figure 6: Consumers Who Frequently Contact Customer Service From A Cell Phone Are Relatively More Receptive To Automated Customer Service Systems Than Consumers Overall

"How would you rate the following method for accomplishing this task: Ability to help myself using an automated touchtone or spoken word system?"
(percentages represent 8,9, and 10 responses on a scale from 1(low) to 10 (high))



[1]Base: 350 online US consumers who have used telephone customer service in the past 12 months and do not frequently contact customer service from a mobile phone

[2]Base: 331 online US consumers who have used telephone customer service in the past 12 months and do not frequently contact customer service from a mobile phone

[3]Base: 150 online consumers who have used telephone customer service in the past 12 months and frequently contact customer service on a mobile phone

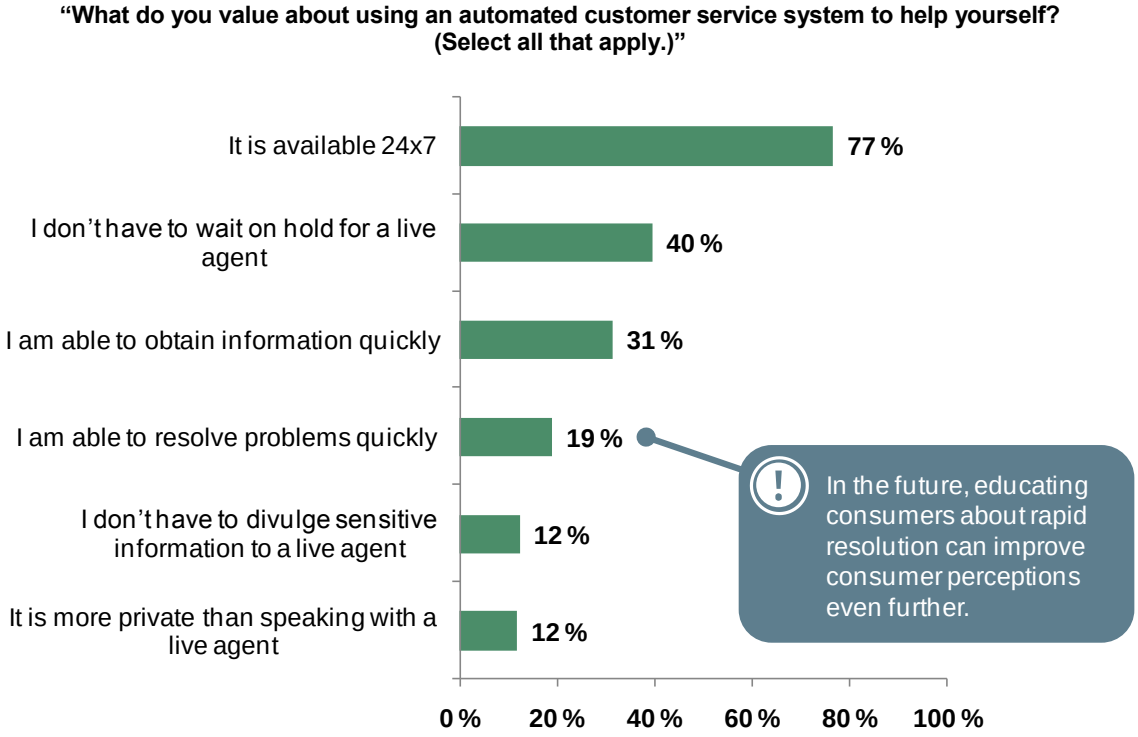
[4]Base: 170 online US consumers who have used telephone customer service in the past 12 months and frequently contact customer service on a mobile phone

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Consumers Consider The 24x7 Availability Of Automated Telephone Customer Care A Critical Benefit

Consumers value customer service channels that are available 24 hours a day, seven days a week. More than half (55%) of all US online adults said 24x7 availability is a key factor when determining which customer service channel to use. Consumers view automated telephone customer service systems as being a particularly strong channel through which to take advantage of 24x7 customer service. When asked what they value about automated customer service systems, 77% of consumers pointed to its 24x7 availability (see Figure 7). Other factors that are important to consumers tend to focus on the speed of resolution, such as not having to wait on hold for a live agent (40%), being able to obtain information quickly (31%), and being able to resolve problems quickly (19%).

Figure 7: Consumers Recognize Availability As A Key Attribute Of Automated Telephone Customer Service



Base: 1,001 online US consumers who have used telephone customer service in the past 12 months

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

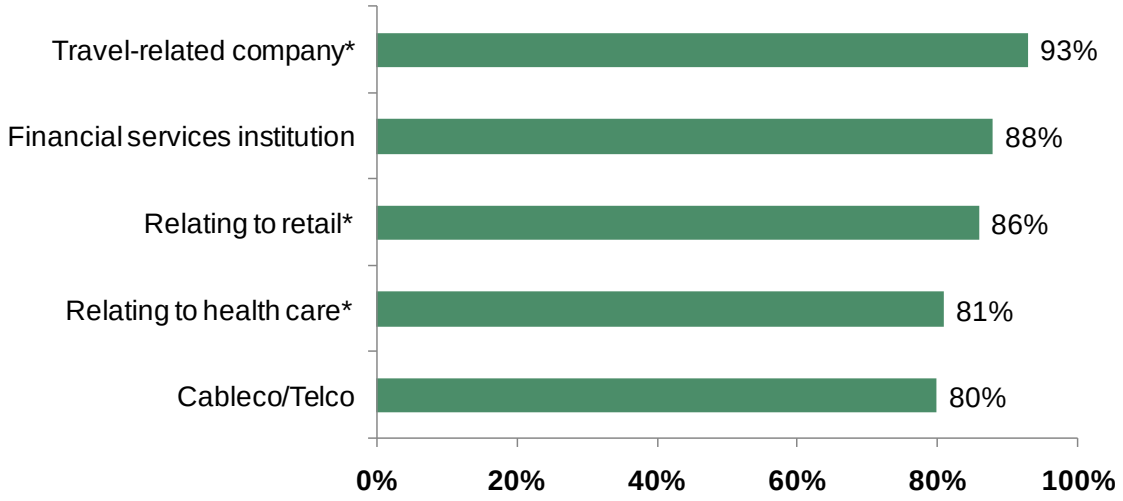
An Overwhelming Majority Of Consumers Express Interest In Proactive Notification

Automated proactive notification is a means of communicating with consumers by sending email, text messages, or voice messages to the customer's device of choice. Customer care notifications foster a better customer relationship by anticipating customer needs before the customer contacts the company for information. In the survey, consumers provided their level of interest in a variety of specific proactive notification options within five different industries. The aggregated results of the industry-specific questions show that a strong majority of consumers are interested in at least one proactive notification alert via their choice of email, voice message, or text message (see Figure 8).

Consumers were most open to notifications related to the travel industry (93%), which include such things as flight status updates and confirmation of reservations for flights, hotels, and car rentals. Eighty-eight percent of consumers were interested in notification from a financial services institution, with strong interest in transaction confirmations. With regard to health care, consumers strongly favored appointment reminders — something that could be adopted in a variety of other industries as well, such as utilities or professional services.

Figure 8: Consumer Interest In Proactive Notification Spans All Tested Industries

"Think about the following information that could be shared with you via proactive notification. Please indicate your level of interest in receiving the following notifications from _____ via your choice of email, voice message, or text message."
(percentages represent 8,9, and 10 responses on a scale from 1(low) to 10 (high))



Base: 500 online US consumers who have used telephone customer service in the past 12 months
*Base: 501 online US consumers who have used telephone customer service in the past 12 months

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Consumers Provide Insight On Successful Voice Recognition Customer Service Experiences

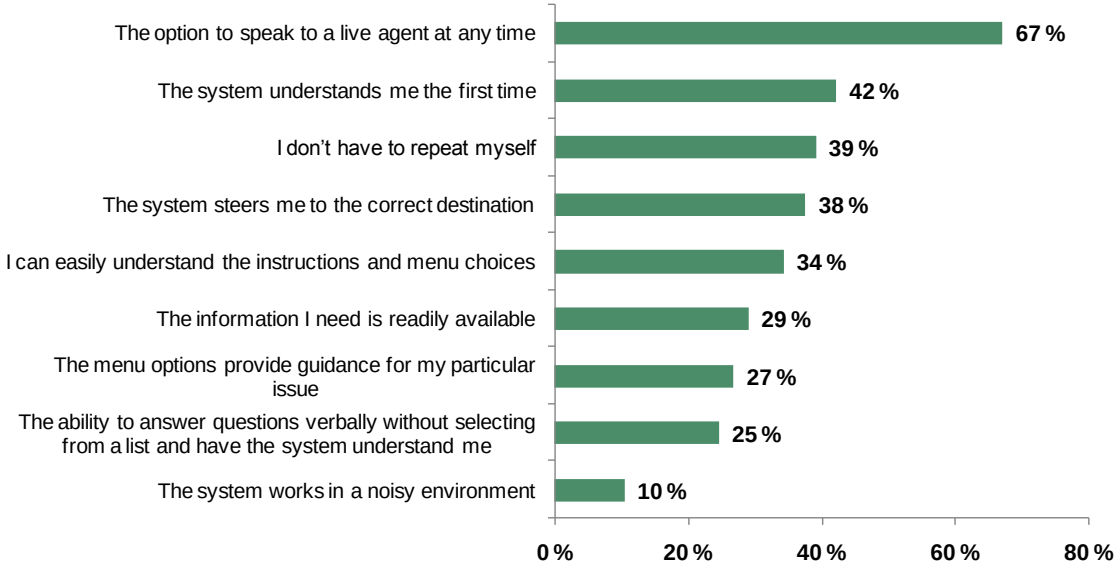
Flexibility And Accuracy Are Key Tenets For Improving Automated Voice Recognition Systems

Organizations that take advantage of improved speech applications can differentiate their services and improve their brand image with customers. When it comes to evaluating a great experience with automated speech recognition customer service systems, two-thirds of consumers value having the ability to speak to a live agent at any time. That kind of flexibility is beneficial, yet accurate speech recognition software can obviate the need for "opt out" behavior in the first place. Forty-two percent of consumers value the ability of the speech recognition system to understand them the first time a response is spoken, and 39% of consumers prefer not to have to repeat themselves (see Figure 9). Similarly, when asked to identify what would improve speech recognition customer service experiences, the top choice (75%) of consumers was to offer the option of speaking with a live agent throughout the interaction. Being understood the first time (63%) and

improving menus to direct callers to the appropriate destination (45%) round out the top three answer choices (see Figure 10).

Figure 9: Opt-Out Is Critical, But Accurate Software Is What Delivers A Great Automation Experience

"What makes a great experience with an automated speech-enabled customer service system? (Select top 5.)"

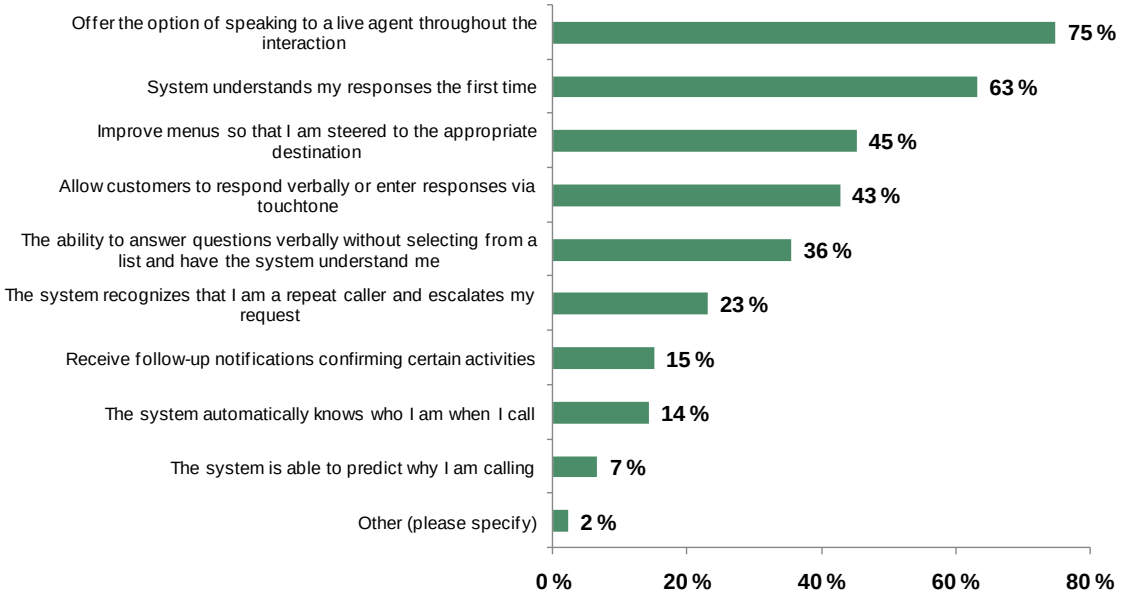


Base: 1,001 online US consumers who have used telephone customer service in the past 12 months

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Figure 10: Flexibility And Enhanced Software Top The List Of Ways In Which Automated Speech Recognition Customer Service Can Be Improved

"What would improve your automated speech customer service system experience? (Select top 5.)"



Base: 1,001 online US consumers who have used telephone customer service in the past 12 months

Source: "Driving Consumer Engagement With Automated Telephone Customer Service," a commissioned study conducted by Forrester Consulting on behalf of Nuance Communications, September 2009

Conclusions

Forrester's in-depth surveys with US online adults yielded several important observations regarding automated telephone customer service:

- **Consumers highly value customer service when choosing to do business with companies, yet just under half of US consumers report being satisfied with customer service in general.** Companies have a lot of room for improvement, and the level of importance placed on customer service by consumers validates this sector as worthy of the investment to drive improvements.

- **The phone channel is the most common channel used by consumers to access customer service.** Use of automated telephone systems was second only to speaking with a live agent, and both options easily outdistanced online channels such as email, Web self-service, and online chat.

- **Automated telephone customer service is preferred over live agent contact in certain situations.** Consumers preferred touchtone and speech recognition interactions in five of the 10 posed scenarios. Consumers rated automated telephone customer service systems higher than live agent interactions in those scenarios where there is less of a perceived need to speak with a live agent; thus, these types of interactions are ideal targets for automated solutions. Although live agent interactions are rated higher in certain situations, automation can still be employed in the beginning stages of the these types of interactions to improve internal efficiencies and promote faster resolution of the issue.

- **Consumers who frequently contact customer service with a cell phone are more interested in automated telephone customer service.** Consumers will increasingly rely on cell phones for contacting customer service. Cell phones are ubiquitous today, and for an increasing base of consumers, the cell phone is the only phone. Increasing reliance on cell phones overall portends a growing interest in and acceptance of automated telephone customer service systems.

- **Automated telephone customer service systems deliver the 24x7 availability benefit that consumers want.** Consumers recognize the benefits of 24x7 availability and strongly value that aspect of automated telephone customer service. Companies should not shy from promoting "anytime" self-service via automated systems, particularly for information-based or less complex customer service interactions.

- **Consumers are ready to receive information they find relevant and valuable from companies with which they do business.** The benefits of proactive notification are clear to consumers, who appear ready to embrace this opportunity — provided they can control what information is sent over which channel. Companies taking advantage of proactive notification stand to increase engagement with their customers and improve customer satisfaction levels.

- **The voice recognition systems used by companies today have room for improvement.** Consumers highly value having the flexibility to speak with a live agent at any point in the automated customer service interaction. However, improving the accuracy of the software and creating thorough and logical conversations will improve the customer's experience with the voice recognition system, thus reducing the need to opt out to a live agent.

Appendix A: Methodology

Forrester conducted an online survey of 1,001 online consumers in the United States who have used telephone customer service over the past 12 months. The purpose of this study was to develop an independent and objective Thought Leadership Paper that educated the market and brought to light the pain points, needs, demands, and attitudes of end user consumers on automated telephone customer service systems. The survey was administered online and respondents were screened by geographic region, age, sex, and income. The online survey was administered in July 2009 and completed in August 2009.

Appendix B: Supplemental Material

Related Forrester Research

"The Forrester Wave™: Network-Based IVR/Voice Portals, Q2 2009" by Elizabeth Herrell, June 17, 2009

"Best And Worst Of Phone Self-Service Design, 2009" by Adele Sage, May 20, 2009

"Proactive Outbound Notification Saves Money" by Elizabeth Herrell, February 18, 2009

"Innovative Speech Apps Deliver Value" by Elizabeth Herrell, June 5, 2008