CONTACTBABEL

UK Contact Centres: Customer Experience

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EXECUTIVE SUMMARY

ContactBabel's recent survey of 1,000 UK customers for our "Exceeding UK Customer Expectations" report finds that what makes a customer experience positive for some customers matters much less to others.

What reasons are there for this, and what should businesses doing about it?

The customer survey carried out for this report highlighted that while there are some crossovers – first-contact resolution and short queue times – different customer segments actually value different things depending on their age and what they are trying to achieve.

As such, this makes exceeding their expectations very difficult as there are multiple issues and solutions which need to be considered, along with the strengths and weaknesses of each channel offered to the customer.

Readers will have a good idea of who their customer base is, and hopefully this White Paper will have helped to identify the issues and solutions most appropriate to them.

The UK contact centre industry is faced with rising queue lengths, call durations and agent salaries which have risen significantly. Contact centres as a whole have never before been under such cost and performance pressure, and while it may be tempting to focus on self-service and call deflection, the demand from customers for empathetic and effective phone service is stronger than it has been for years.

This White Paper shows that younger customers for whom self-service and digital channels are the first port-of-call are also far less loyal to businesses than their older counterparts, despite generally reporting higher levels of customer experience.

We also discuss various reasons for this, such as higher expectations from more experienced customers, less opportunity for online channels to impress customers, and a greater propensity and confidence to switch suppliers seen in younger customers.

Businesses considering making investments in customer-facing technologies should be very wary of putting all of their eggs in the self-service basket.

Telephony is still seen by customers as the gold standard of customer service, and investments in making the phone channel quicker and more effective could well pay dividends in long-term loyalty and advocacy.

WHAT MAKES A GOOD CUSTOMER EXPERIENCE?

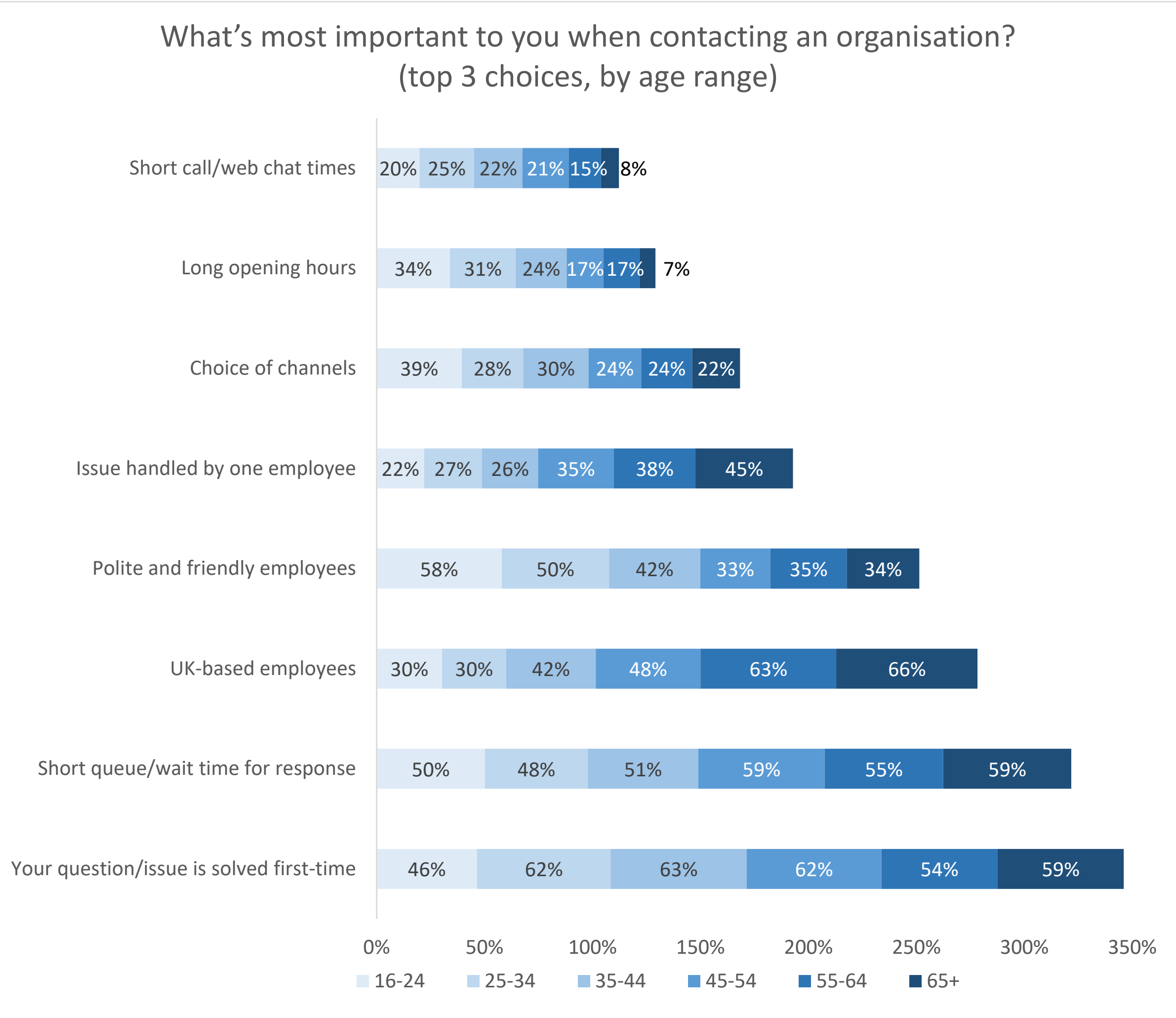
What makes a good customer experience is a question that everyone thinks they know the answer to: everyone's a customer and know what they themselves value most. Yet there are major differences between customers that businesses need to understand.

For its latest report, "Exceeding UK Customer Expectations", ContactBabel commissioned a survey of 1,000 UK consumers to look at what they most valued when contacting a business, what they actually received and then if they did anything about it.

The report shows that while there are some common factors that different types of customer value – first-contact resolution and a short queue time stand out – there are significant differences in what older and younger customer demographics look for, as well as their loyalty (or otherwise) to the business.

Survey respondents were provided with a list of eight factors that affect customer experience and asked to rank them in order.

Figure 1: What's most important to you when contacting an organisation? (top 3 choices, by age range)



The previous chart shows the top 3 customer experience factors as an aggregated bar chart, segmented by age so as to show the factors that were of most importance to customers in each age range. Aggregating the results allows an understanding of which factors were placed in the top three overall, while also providing insight on age-related opinion.

Younger respondents seem to place a greater value on their time than older people, being far more likely to rate short call / chat times and long opening hours as being valuable.

Younger people also rate having polite and friendly agents as the most important factor impacting CX, being even higher than a short queue time or first-contact resolution. This may be because the youngest age group have the least experience of dealing with businesses and contact centres, perhaps lacking some of the confidence that comes with years of speaking with businesses, and to have a friendly and approachable agent is valued very highly.

Younger age groups are also much more likely to value a choice of channels and long opening hours, the latter of which can be achieved through effective self-service options which younger customers are generally willing to try out.

One of the most noticeable differences between ages groups is the requirement for UK-based employees, which is very important for older customers, but much less so for younger people.

Older customers are also very focused on first-contact resolution – they do not wish to have to call back – and also want their issue handled by a single employee. They are also more likely to value a short queue time.

It must be emphasised that unless a business deals almost entirely with older or younger customers, that **all** of these factors are valued highly by a substantial part of their customer base, and need to be addressed.

One of the key differences between older and younger customers is how they choose to contact a business, which then impacts on the level of service they feel they receive, and also their loyalty to the business.

CHANNELS OF CHOICE

Younger customers are far more likely to value having a choice of channels, with 39% placing this as one of their top 3 most valued factors when contacting an organisation: this may be because older generations are more confident using the phone, or that the younger generation are more experienced with digital channels.

The survey of 1,000 UK consumers carried out for this report attempted to understand which the channels of preference would be in cases of high emotion, urgency and complexity through presenting survey respondents with three hypothetical scenarios:

High emotion: **notifying a company that an incorrect item has been sent to them**. This was chosen as a high emotion interaction as being sent an incorrect item is often frustrating, as not only has the desired product not arrived, but the customer is then left with the problem and effort of returning the item. This is not a particularly complex interaction, and in many cases will not be particularly urgent.

High urgency: **checking the arrival time of a flight that the customer is meeting**. This is likely to be an urgent interaction as it is very time-sensitive. Complexity is very low - as the required information is simply a time - and in the majority of cases, should have a fairly low emotional impact.

High complexity: **receiving guidance on completing a mortgage application or tax form**. This is likely to be a complex and long interaction, but is unlikely to have high levels of urgency or emotional response.

The survey finds that younger customers are far more likely to choose to contact a business through digital channels, which will impact on the service and customer experience that they then receive.

HIGH EMOTION INTERACTIONS

Consumers taking the survey were asked to imagine that a product they had ordered from a company had arrived but was incorrect. In this circumstance, they were asked which would be their preferred method for contacting the company to notify them that this was the case.

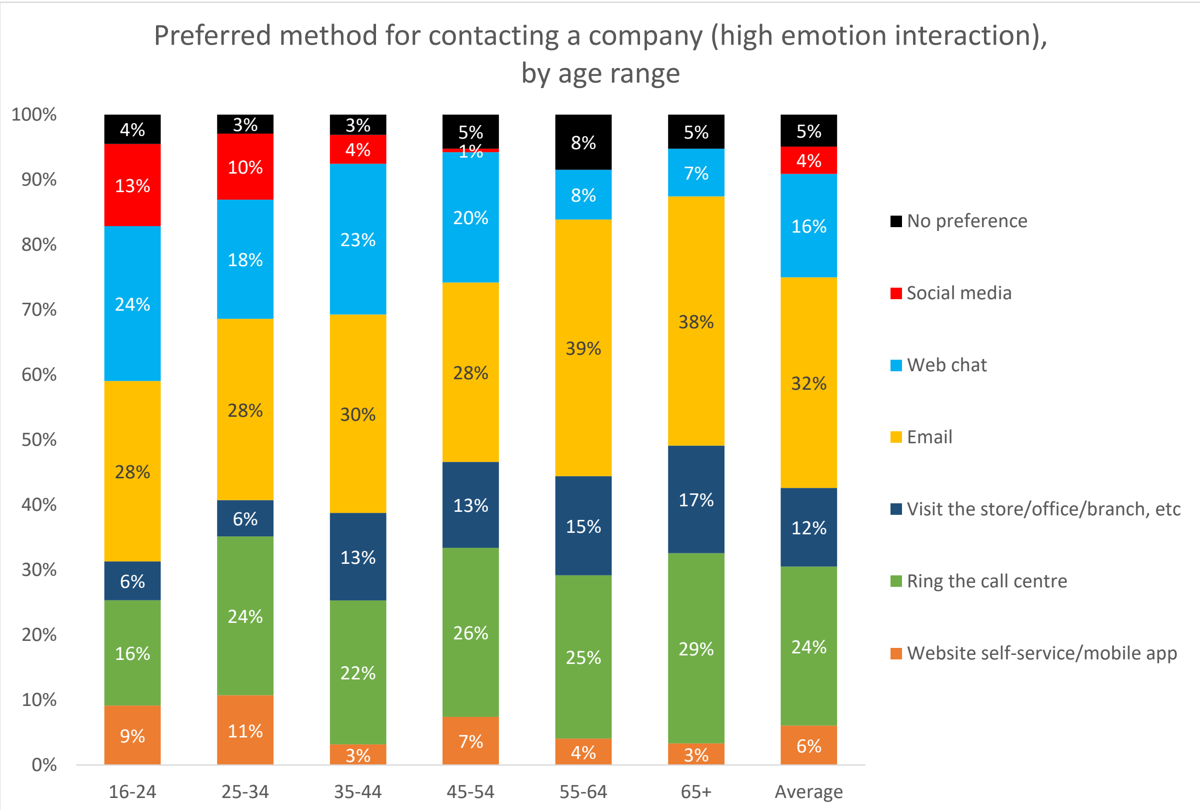
The most popular option was to email the organisation, with 32% of respondents choosing this method. The second most popular, at 24%, was phoning the contact centre, and web chat also made a strong appearance, with 16% respondents choosing this as their preference.

There was a strong pattern based on the age of the survey respondent and their preferred channel: the older demographics were the most likely to pick up the phone or to email.

Web chat was a very popular option with the younger demographics, and has actually overtaken the telephony channel for the 16-24 year-old cohort.

13% of the sub-25 year-old age group would choose social media, which is a major finding for businesses serving these customers.

Figure 2: Preferred method for contacting a company (high emotion interaction), by age range



HIGH URGENCY INTERACTIONS

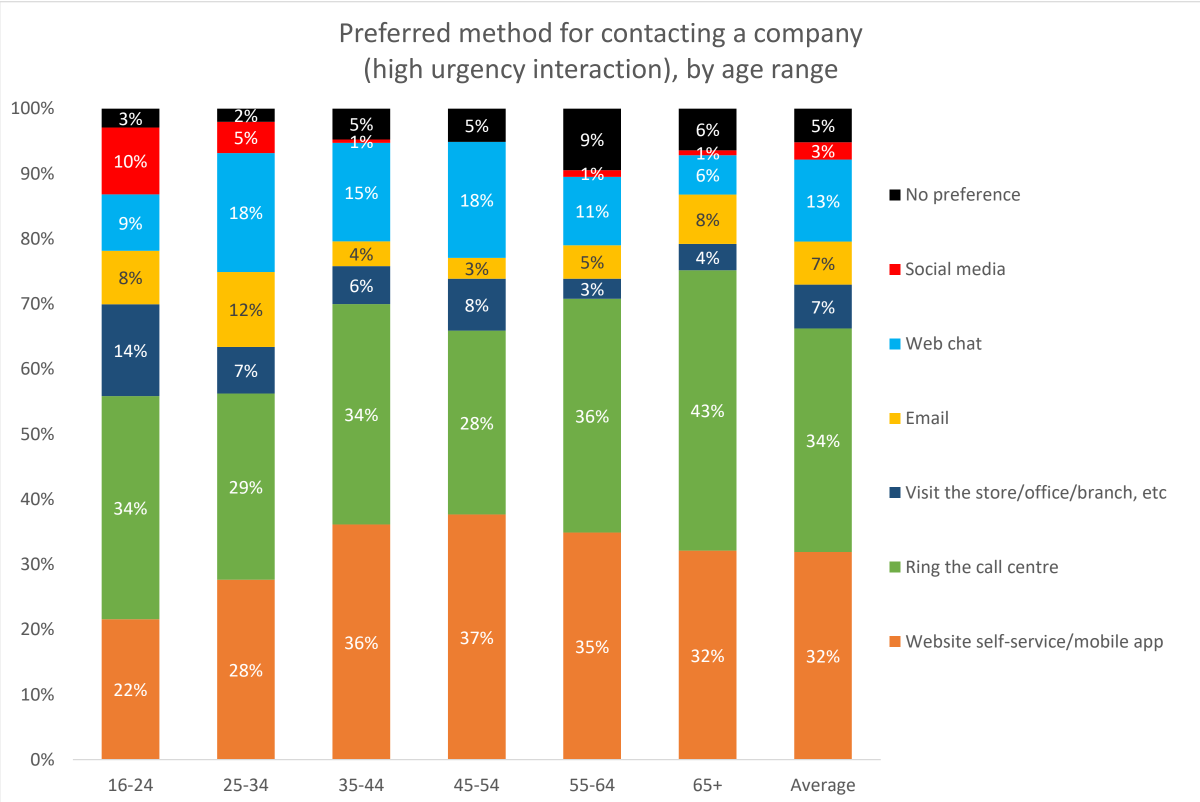
Survey respondents were asked which would be their preferred channel of choice in a situation where they were meeting somebody from a plane and needed to confirm the time at which to be at the airport.

The most popular channel was that of telephony, with most age groups choosing this as their no.1 option.

This is quite a change on pre-pandemic findings, which put web self-service as clearly the most popular channel of choice, and may be a reflection of customers' greater requirement for the reassurance and confidence that the phone channel provides.

Email, social media and web chat were more likely to be preferred by younger demographics, but not exclusively by any means.

Figure 3: Preferred method for contacting a company (high urgency interaction), by age range



HIGH COMPLEXITY INTERACTIONS

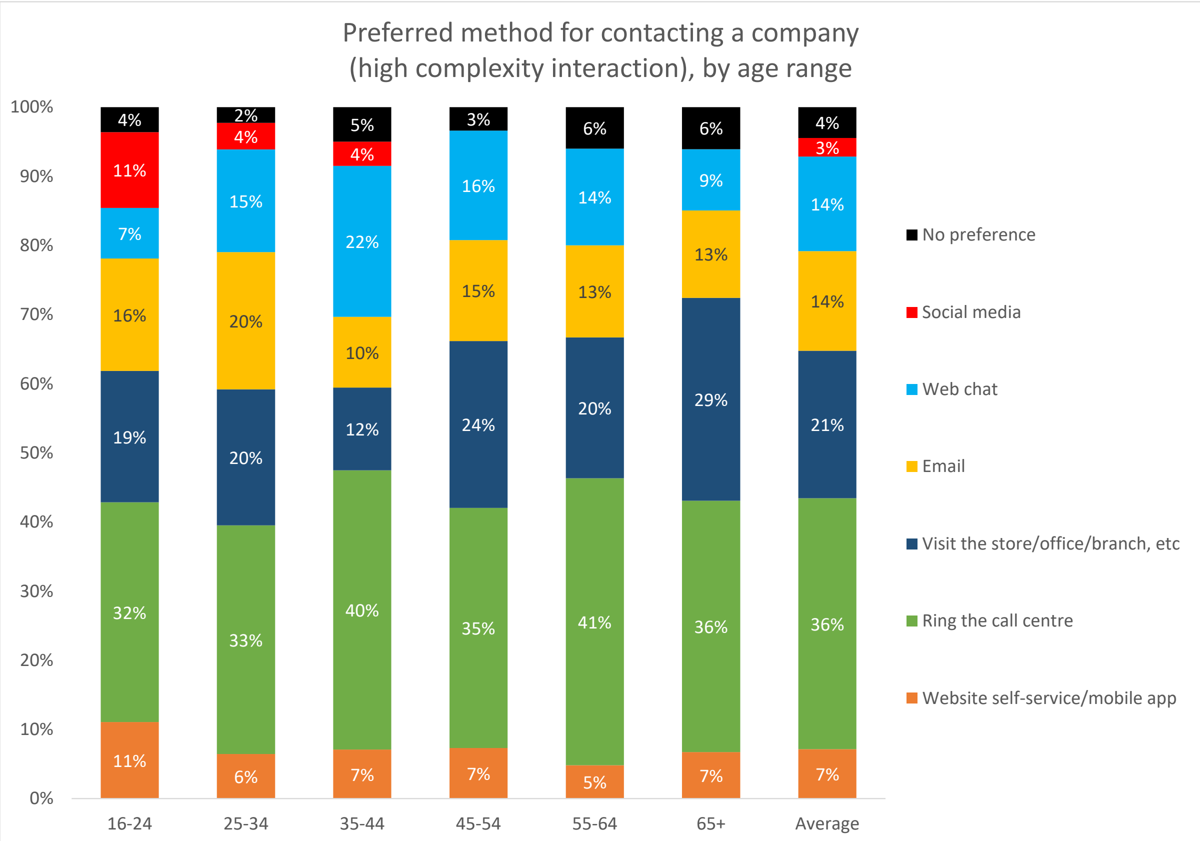
For highly complex interactions, such as getting expert guidance with a tax form or mortgage application, the most popular contact choice pre-pandemic had been making a physical visit to an office or branch, which was much more popular with the older demographic.

However, this option has dropped in popularity, probably due to the customers getting out of the habit of making unnecessary visits during the pandemic, particularly as the experience would likely to be different than what they are used to.

It might have been expected that the next most-personal channel would have grown in popularity as a result, and telephony has risen from 16% in 2018 to 36%.

Web chat was also seen as an appropriate primary channel for complex interactions by a significant minority of 25-54 year-olds, whereas email is generally much less popular than it is for high emotion interactions, possibly due to the probable requirement for back-and-forth communication.

Figure 4: Preferred method for contacting a company (high complexity interaction), by age range



WHAT DO CUSTOMERS ACTUALLY EXPERIENCE?

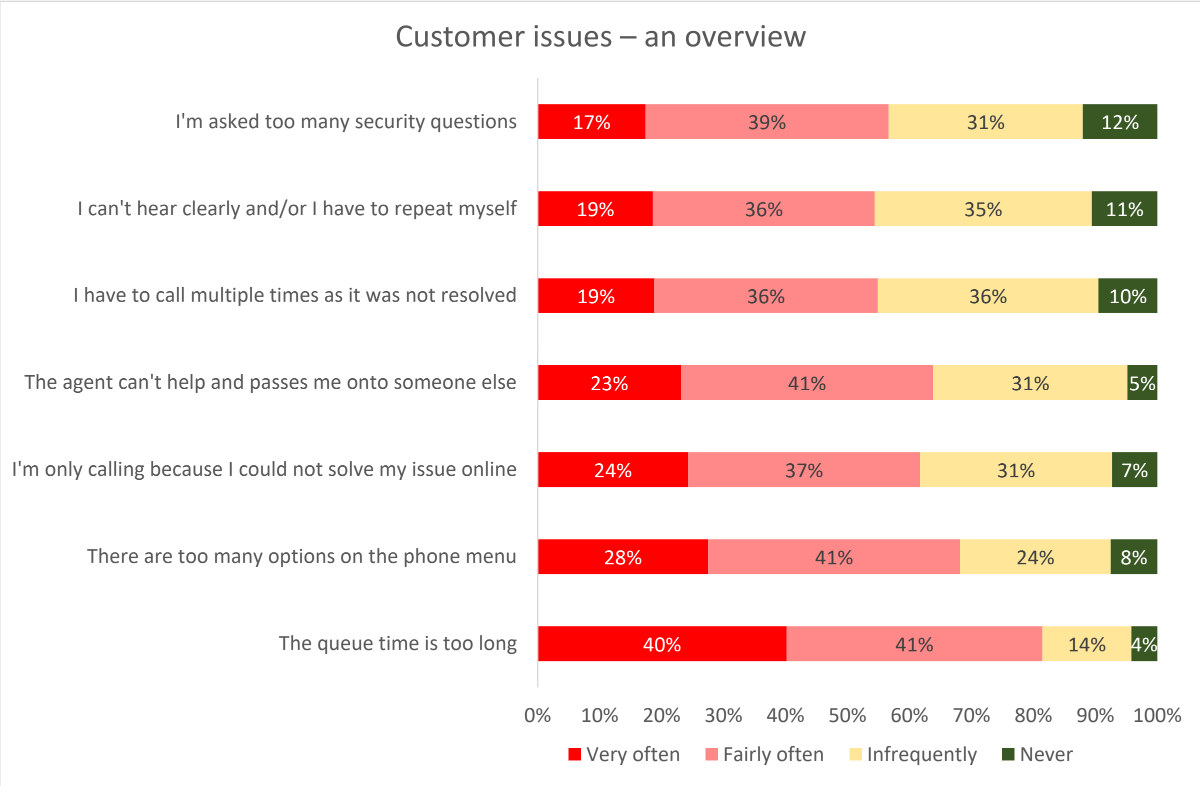
A previous section of the report looked at what customers want when they're contacting an organisation, but what exactly do they feel that they receive?

The general view across the customer survey is that they hit roadblocks fairly often. The standout finding – which won't come as a surprise – is that 81% of survey respondents felt that the queue time was too long very often or fairly often. As shown later, this has become considerably worse in recent years and needs to be dealt with urgently.

More than a quarter of respondents often feel that IVR menus are too complicated, and almost two-thirds state that they very or fairly often get passed around the contact centre. A similar proportion say that they are only calling because they've tried and failed to get their issue resolved online.

Of interest is that 55% of customers report that they can't hear clearly, or have to repeat themselves very or fairly often, with a similar proportion stating that they have to call back multiple times and that they are asked too many security questions.

Figure 5: Customer issues – an overview

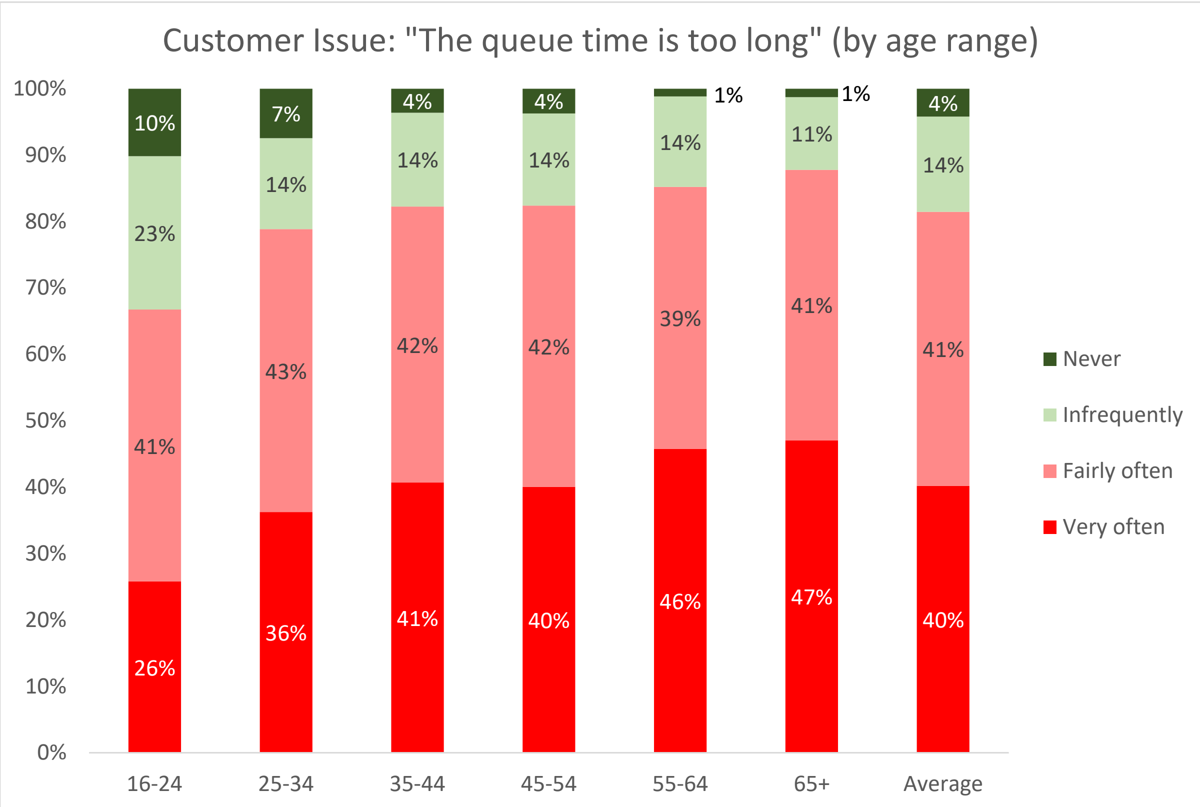


With 81% of customers reporting that queue times are too long, this is clearly the most important factor driving negative customer experience and is looked into further here.

As this factor only applies to live customer contact – usually telephony, but also live web chat – it will impact the next section of this report, which looks at how customers rate the service they receive. This is key to understanding why older customers report lower levels of customer satisfaction with their experience, as they are more likely than younger groups to choose to use telephony.

Looking at segmentations by age group, older customers are more likely to report long queue times happening very often, with almost half of over-55-year-olds stating this to be the case.

Figure 6: Customer Issue: "The queue time is too long" (by age range)



As the following chart shows, customers are not imagining that the average speed to answer is excessive: the industry statistics bear this out.

Speed to answer plays a vital part in improving the customer experience, and also feeds into other performance measures such as call abandonment rate: obviously, the longer the queue, the more people will abandon the call.

The following chart shows historical figures for average speed to answer and call abandonment rate.

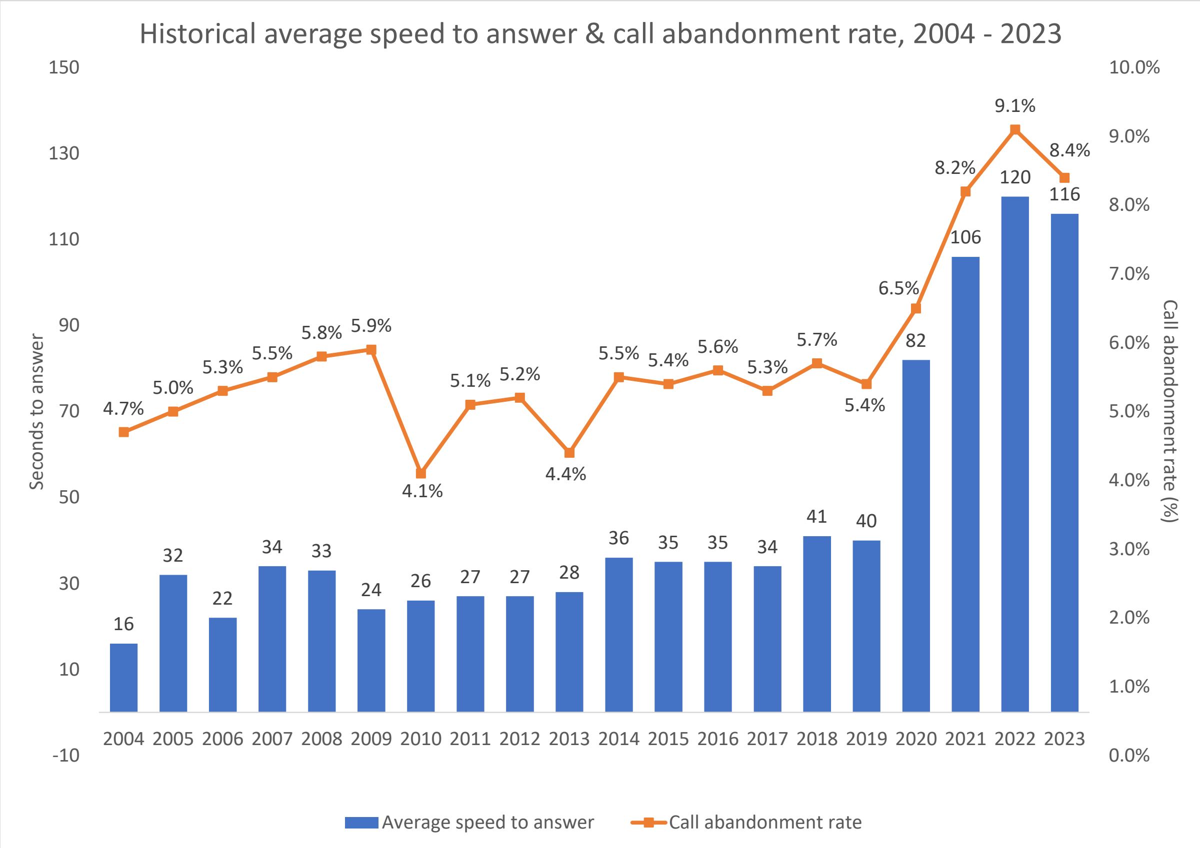
From 2009 onwards there has been a gradual increase in average speed to answer, with a huge uptick in 2020 and 2021 caused by pandemic-related working practices and an increase in demand experienced by some businesses. Despite a return to some sort of normality, speed to answer remains extremely high compared to the historical norm.

Call abandonment rate did not show any upward trend until the pandemic, but has tracked upwards, driven by speed to answer.

This is clear proof that customers are not overexaggerating their frequent experiences with long queue times.

It is also worth noting that customers' **perceptions** of how long they have been queueing are far higher than reality: past ContactBabel UK research asked customers to estimate their typical wait time, which was reported to be 23 times higher than the actual industry average, showing that the effect of queue times on customer experience is exceptional.

Figure 7: Historical average speed to answer & call abandonment rate, 2004 - 2023



HOW DO CUSTOMERS RATE THEIR EXPERIENCE?

The survey also looks at how customer age groups rate the service they actually receive from seven types of company.

Looking into the data by age group generates some interesting findings, with younger customers generally more likely to rate companies positively:

- **Bank / credit card providers:** 71% of under-35-year-olds were positive (i.e. rated service as excellent or good), compared to only 56% of those 35-65. It may be the case that this is an impact of the younger generation being far more likely to do most of their banking on an app, which often now allows them to communicate in real time with the business without having to call the contact centre.
- **Insurance:** younger age groups were more likely to be positive about this sector, with 54% of under-35s being positive compared to 40% of over-35s.
- **Internet / TV providers:** the pattern is repeated again: 58% of under-35s are positive, with only 40% of over-45s feeling the same way.
- **Utilities:** only 35% of 35-65 year-olds are positive about utilities customer experience, against 54% of the youngest group, who perhaps are far less likely to be contacting these types of company regularly.
- **Telecoms (fixed-line and mobile):** the level of satisfaction is lower in the middle age groups. 34% of 35-65 year-olds are positive, compared to 58% of under-35s and 54% of over-65s.
- **Retail:** younger customers were more likely to be positive, with 57% of <35-year-olds reporting excellent or good customer service, compared to 44% of >55s.
- **Transport & Travel:** 18% of the customers surveyed ruled themselves out of answering this question as they had not contacted a travel company in the past 12 months, with this much more the case for older survey respondents. Of those that gave a rating, 60% of under-35s gave a positive rating, but only 32% of over-55s did the same.

There seems to be a definite pattern that younger customers are more satisfied generally with the level of service that they receive from organisations.

While the survey doesn't look into **why** this is (and without detailed individual face-to-face interviews, it would be difficult to find this out), there are various possibilities if we rule out the extremely unlikely explanation that companies actually provide a different level of service to customers depending on their age:

- Expectations of what constitutes good customer service are lower in younger age groups. This may be driven by the customers' past experience of customer service: those with both higher incomes and more life experience are more likely to have experienced exceptional levels of service in the past (e.g. in high-end restaurants, onboard cruise ships or on first-class flights) and this has raised their internal benchmark of what customer service should be

- There are theories that self-esteem differs by socioeconomic group and age: do certain cohorts feel that they *deserve* top-quality service because of who they are, and are they more critical as a result when it does not live up to their expectations? There is some scientific evidence to suggest this may be the case[1]: higher socioeconomic groups report higher self-esteem, as do older age groups

- The quality of service across channels may in fact different, and as various age groups prefer to use one channel over another, their customer experience with the same company is in fact different.

  There is some evidence that this is the case: overall, younger customers do prefer to use digital channels and older customers will choose telephony or face-to-face communication more often. Potential CX issues such as long phone queues, UK-based employees, long IVR menus and poor audio quality are clearly linked to telephony rather than digital channels, and removing these from the customer experience should impact positively, perhaps explaining the gap in customer satisfaction across age groups.

However, as the survey also shows, there is no guarantee that the younger age groups' more positive views on customer service translate to loyalty, and we should remember that telephony provides an inimitable opportunity to lock in customers through truly memorable positive customer experiences.

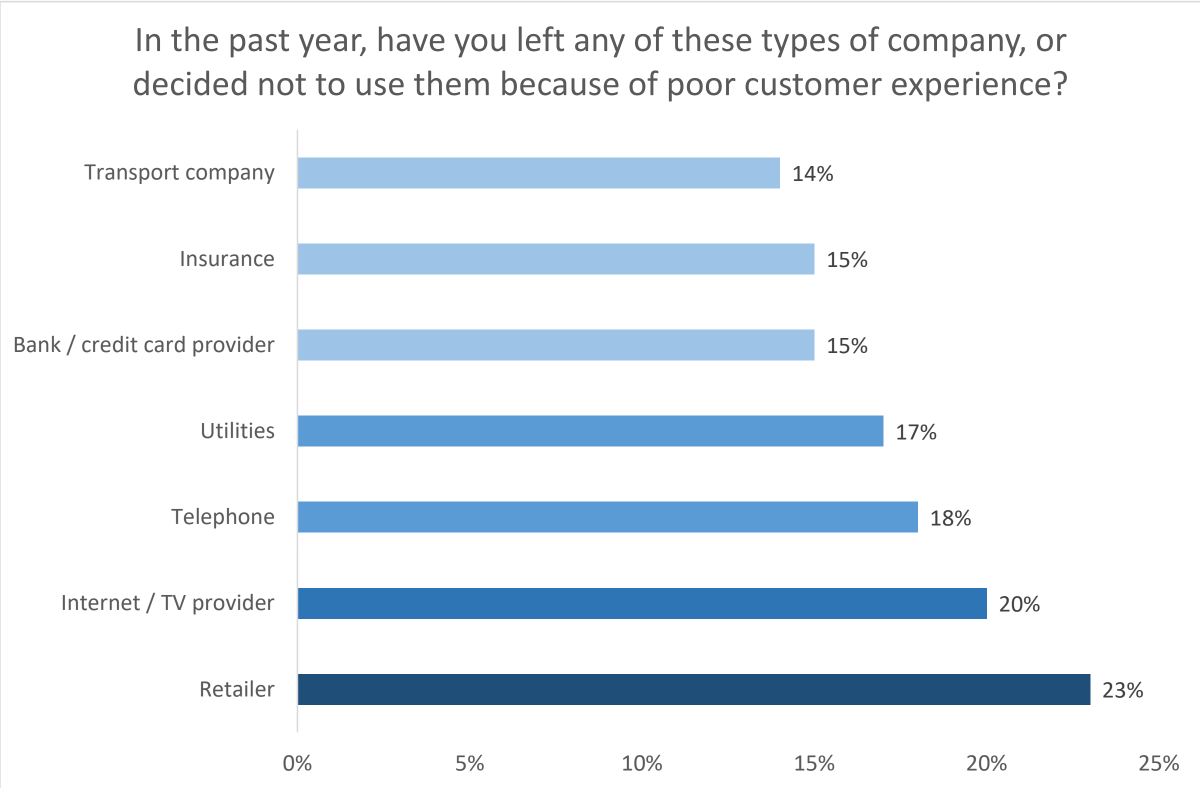
[1] https://www.researchgate.net/publication/240284152_Self-Esteem_and_Socioeconomic_Status_A_Meta-Analytic_Review#:~:text=Higher%20SES%20individuals%20report%20higher,over%20the%20age%20of%2060.

WHAT DO CUSTOMERS DO ABOUT POOR CUSTOMER EXPERIENCE?

Customers were asked if, in the past 12 months, they had left any of the seven types of company listed or had used a competitor instead because of poor customer experience.

As the following chart shows, a very significant proportion of respondents stated that they had in fact done so.

Figure 8: In the past year, have you left any of these types of company, or decided not to use them because of poor customer experience?



While these figures are alarmingly high, it should be noted that a “poor customer experience” can be construed in many different ways.

While the examples given in the survey question included long phone queues; not being able to answer a question; being passed around numerous employees; and experiencing rudeness from staff, it deliberately did not state that those were the only examples of a poor customer experience. For many customers, especially younger ones, their customer experience is in large part driven by their interactions with the website, app or digital support channels.

The pattern is very obvious – even when taking into account the increased margin of error that working with smaller datasets at an age-group level creates – the younger the customer or prospect, the more likely they are to have reported changing supplier or using a competitor because of poor customer experience.

Again, without asking each individual survey respondent about their personal experience, there is no way of finding out exactly why there is such a difference between age groups, but some suggestions can be made:

- The propensity to switch supplier gets less as customers become older. Switching becomes extremely unlikely in the most senior reaches of oldest age group (80+ years-old), and for vulnerable people (many of whom are in the 65+ age group), with government findings backing this up in the utilities sector.[2] Of course, switching is not always down to poor customer experience, but the willingness or otherwise to look for other suppliers could be age-related to some extent

- Those customers who have changed suppliers in the past are more likely to change suppliers in the future[3]: brand loyalty amongst Generation Z is much lower than for other age groups[4] and the effect on this cohort of digital customer experience is higher[5], meaning that businesses need to see their website as being the primary source of customer experience for younger customers

- However, the focus and preference of younger customers for digital channels (including self-service) means that there is less opportunity for an exceptional personalised customer experience to take place – for example, in the telephony channel or in a shop – which could support long-term customer loyalty

- Older people who have been customers in the times before the Internet when switching companies was not simple or cheap may be influenced by the familiarity effect of brands that they have been with for a long time, and be less influenced to switch suppliers by poor customer experiences: they see themselves as a "Brand-X" customer regardless, and this can even become part of their self-identity.

This could go some way to explaining why older customers are more likely to rate their customer service experiences lower than younger cohorts, yet are far less likely to have done anything about it.

[2] https://www.gov.uk/government/publications/consumer-vulnerability-challenges-and-potential-solutions/consumer-vulnerability-challenges-and-potential-solutions
[3] https://www.eprg.group.cam.ac.uk/wp-content/uploads/2015/09/1515-PDF.pdf
[4] https://cxm.co.uk/disloyal-brands-failing-to-attract-younger-customers-to-loyalty-schemes/
[5] https://martech.org/51-of-consumers-would-leave-a-brand-if-digital-experience-isnt-as-good-as-in-person/#:~:text=Younger%20consumers%20are%20less%20loyal,according%20to%20the%20PwC%20findings.

ABOUT CONTACTBABEL

ContactBabel is the contact centre industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

We help US and UK contact centres compare themselves to their closest competitors so they can understand what they are doing well, what needs to improve and how they can do this.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analysing the contact centre industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

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- The Inner Circle Guide to the Voice of the Customer

- The Australia & New Zealand Contact Centre Decision-Makers' Guide
- The UK Contact Centre Decision-Makers' Guide
- The US Contact Center Decision-Makers' Guide
- The UK Customer Experience Decision-Makers' Guide
- The US Customer Experience Decision-Makers' Guide
- Exceeding UK Customer Expectations
- Exceeding US Customer Expectations

- UK Contact Centre Verticals: Communications; Finance; Insurance; Outsourcing; Retail & Distribution; Utilities
- US Contact Center Verticals: Finance; Insurance; Outsourcing; Retail & Distribution.