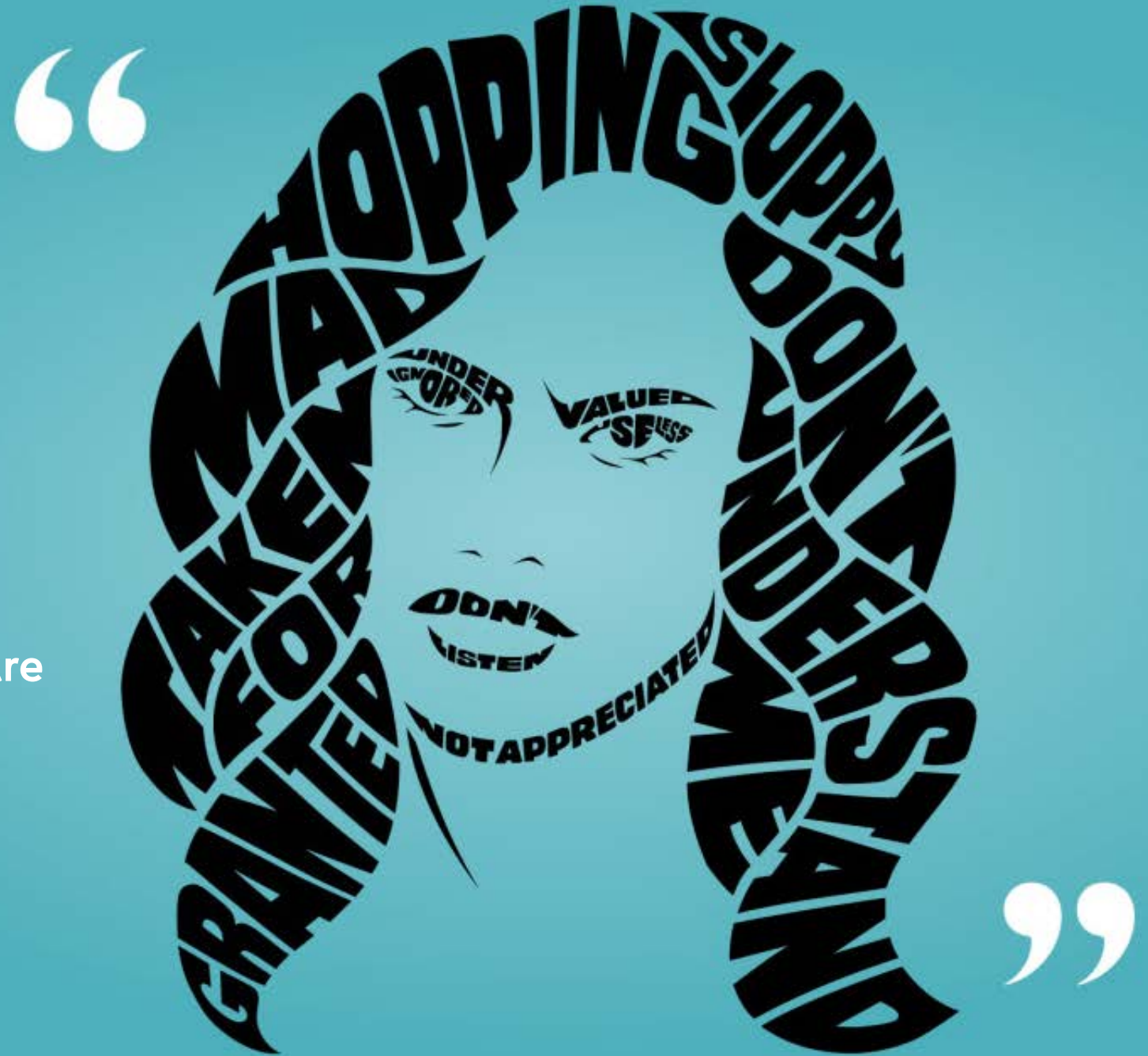


Serial Switchers Swayed by Sentiment

How bad emotive customer experiences are costing brands billions

NNN NewVoiceMedia



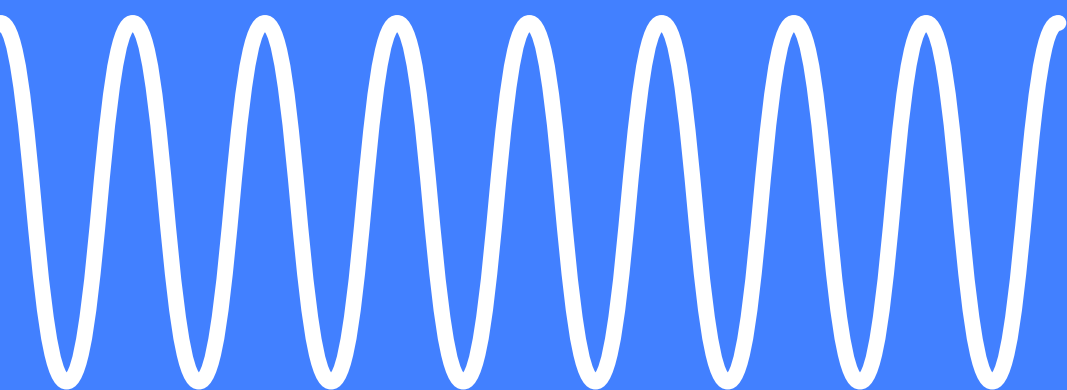


Customer experience has become a crucial battleground for businesses – and the losers are losing big. In 2016, NewVoiceMedia revealed that U.S. companies providing poor service were letting an estimated \$62 billion slip into the pockets of their competitors. Today that number has reached \$75 billion.

The U.S. has progressed as a nation of “serial switchers” – consumers quick to abandon one company for another. This report explores the types of experiences that drive customers away; what businesses can do to keep them from leaving; and why providing more emotive service experiences is essential to customer relationships.

"NewVoiceMedia continues its focus on helping businesses create exceptional, emotive customer experiences to serve better and sell more. We are all living and working in the Age of Customer Experience, where companies compete on the basis of customer delight, and as such, we maintain a pulse on trending topics and provide in-depth analyses to improve customer experiences. Business growth and customer retention are dependent on providing great customer relationships. In the following research, we dig into some of the greatest customer service struggles businesses are facing today. It is our hope that by bringing these issues and technological gaps to light, we can help improve the customer experience across industries."

Dennis Fois, NewVoiceMedia CEO



**Businesses are losing
\$75 billion per year through
poor customer service**

A bad problem getting worse?

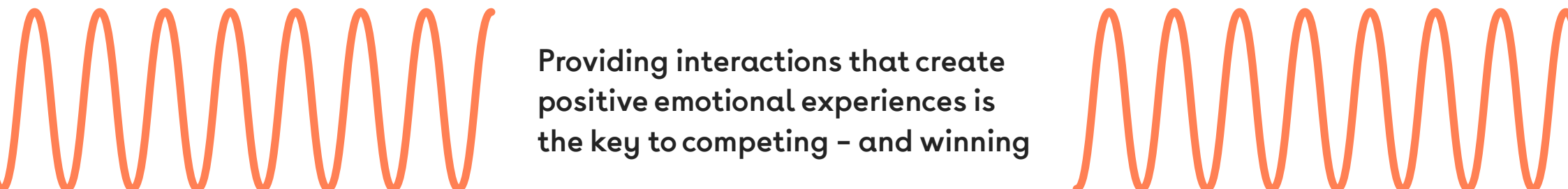
Customer service has never been higher on the C-level agenda than it is today, and companies are investing more than ever in efforts to improve the customer experience (CX). Yet customer satisfaction is reaching new lows, according to Forrester's U.S. CX Index, and CX quality worsened across the board between 2016 and 2017. So, what's going on? Why are so many businesses getting it wrong?

We believe, reinforced by this study, that the failures lie in a misunderstanding of what's most important in CX – a miscalculation of the "Customer Experience Equation."

According to Forrester, there are three variables that comprise customer experience: Did the customer achieve their goal, how easy was it, and how did it make them feel.

That third piece of the formula – how the experience makes customers feel – is the most important and makes up 50 percent of the equation.* Therefore, providing interactions that create positive emotional experiences is the key to competing – and winning – in CX.

Indeed, an overwhelming majority – 86 percent – of respondents to our survey said that if they felt they'd made a positive emotional connection with a customer service agent, they would be more likely to do business with that company again. However, on average, respondents indicated that they felt emotional connections with less than a third (30 percent) of companies they'd done business with over the last year.



Providing interactions that create positive emotional experiences is the key to competing – and winning

*Understanding The Impact Of Emotion On Customer Experience, Forrester, 2015

But why? Companies aren't blatantly ignoring the needs of their customers.

Since NewVoiceMedia's 2016 Serial Switchers survey, the number of U.S. consumers who reported leaving a business due to inadequate customer service increased from 49 percent to 67 percent. Reasons for leaving include: not feeling appreciated, not being able to speak to an advisor, unhelpful/rude staff, being passed around to multiple people and being put on hold for too long.

Businesses are botching the moments that matter in their customer experience. They are failing to alleviate pain points along their customer journey, which compound into negative emotional experiences that are inconsistent with what today's consumers have come to expect.

When asked about the key drivers of feeling emotionally connected to a brand, our survey respondents flagged the ability to contact the company through any channel (call, email, social media, web chat, etc.); being connected to a highly knowledgeable customer service agent; and a fulfilling/exciting shopping experience as the most important.

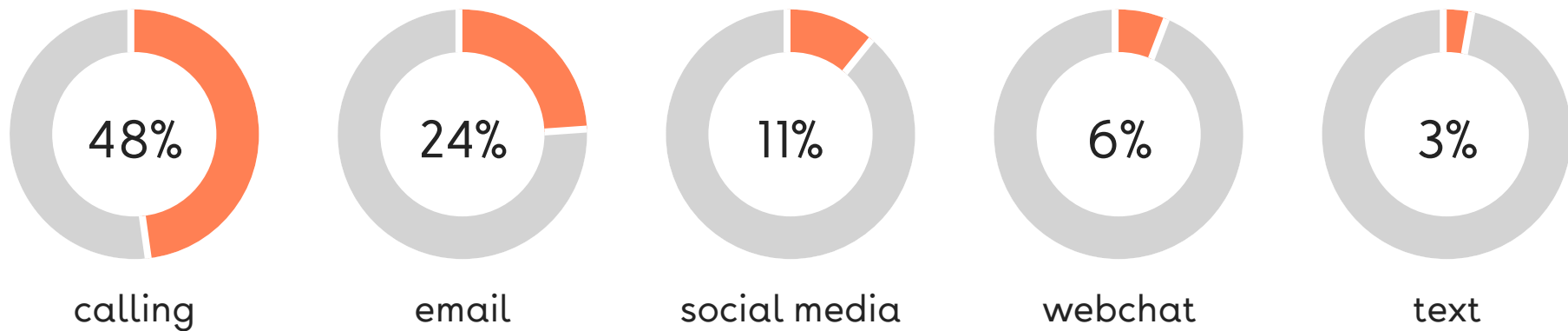
"Emotive customer experience recognizes that our decisions are driven by deep seated motivations: the things that really matter to us in terms of identity and personal fulfillment. Tap into these, and customers become more valuable in every respect: from advocacy to lifetime spend."

Martin Hill-Wilson, customer engagement strategist and founder of Brainfood



Today's customers expect to get help on their terms – on any device and through any channel. They want to move seamlessly from one channel to the next and pick up each conversation right where they left off. They demand quick resolutions to their problems with the least possible effort. Delivering on these expectations requires complete visibility across each customer touchpoint and every interaction, so that service teams can optimize processes and communication in ways that positively impact a customer's emotional experience.

Companies with cross-channel visibility into their customer journey are often able to eradicate the potential frustrations that sour interactions. They can reduce hold times, connect customers with the most appropriate agent the first time, personalize experiences and engage proactively.



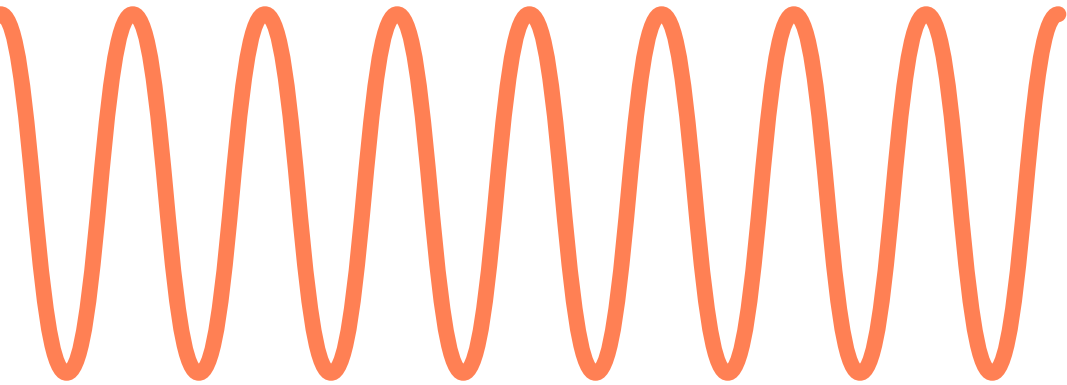
For many businesses, the core of these issues lies in the contact center

While the recent proliferation of and advances in self-service technologies now enable consumers to handle many routine tasks easily, across many devices and channels, our survey results indicate that customers are still seeking live, human connections to resolve their issues.

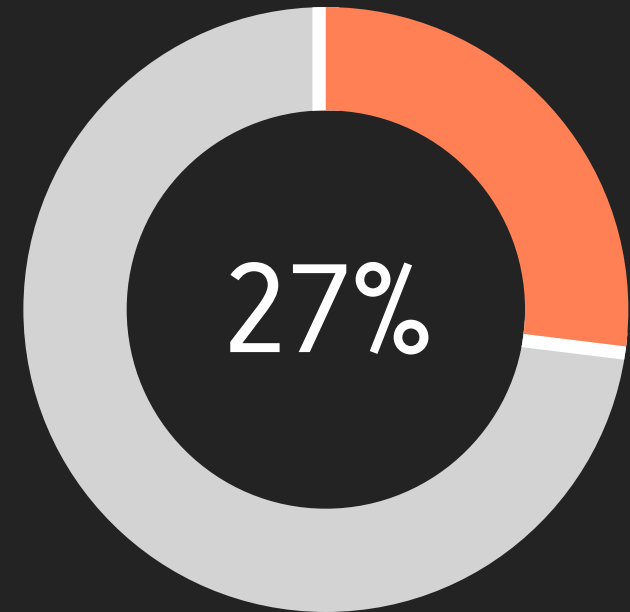
The majority of respondents selected calling as their preferred method of communication (48 percent), followed by email (24 percent), social media (11 percent),

webchat (6 percent) and text (3 percent). Additionally, more than half of respondents (56 percent) designated calls as the quickest way to resolve an issue.

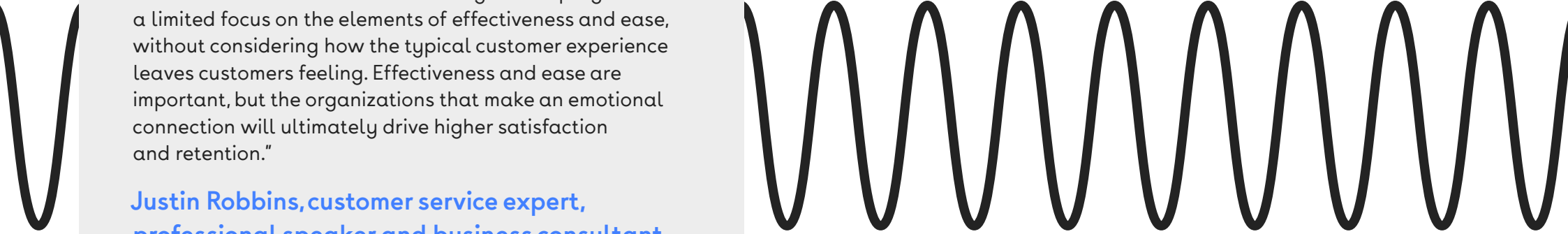
This suggests that frontline contact center teams will continue to be the difference-makers on the battlefield to win the hearts and minds of customers, and that organizations deploying self-service solutions should ensure that there is always an option to reach a live agent if the customer becomes frustrated or confused.



However, only 27 percent of respondents said calls are the most effective way to resolve an issue (down 18 percent from 2016!), while 32 percent said there is no most effective way to solve a customer service problem. Our survey found that unnecessary obstacles including not being able to speak to a “real person” right away, having to repeat info to multiple agents, being kept on hold and having to navigate multiple menus have smothered the contact center’s perceived effectiveness. Again, many of these problems echo symptoms of the visibility issues mentioned earlier.



Only 27 percent of respondents said calls are the most effective way to resolve an issue



"One of the most common shortcomings of CX programs is a limited focus on the elements of effectiveness and ease, without considering how the typical customer experience leaves customers feeling. Effectiveness and ease are important, but the organizations that make an emotional connection will ultimately drive higher satisfaction and retention."

**Justin Robbins, customer service expert,
professional speaker and business consultant**

More channels, more problems

Our research showed that customers have increasingly turned to social media as a more effective channel to resolve issues (up 4 percent from 2016). However, many respondents view social media as a bullhorn, blasting complaints in public forums – essentially hurting companies to illicit a response. This stick-over-carrot approach to resolving issues is indicative of company failures to provide quick, effective resolutions and positive emotional experiences. The fallout from increasingly public complaints means companies could face even greater losses over time.

"In many ways, the capacity and computational power of technology far outstrips our own... Nevertheless, when we're looking for creative solutions to service problems, we still seek out other humans. If we get stuck, if there's ambiguity in the information, or if we need help making a purchase decision, we still opt for a person."

**Ryan W. Buell, UPS Foundation Associate
Professor of Service Management in the
Technology and Operations Management
unit at Harvard Business School**

Never again

Dissatisfied customers are not just walking out on businesses, they are slamming the door – and sharing their negative experiences more widely than ever before. Faced with poor customer service, 39 percent of respondents indicated they'd never use the offending company again, 37 percent would change suppliers, 36 percent would write a complaint email/letter, 28 percent would post an online review (up 5 percent from 2016), more than a quarter (26 percent) would complain publicly via social media (also up 5 percent from 2016), 13 percent would tell friends and colleagues not to use the company, and 10 percent would inform the media.

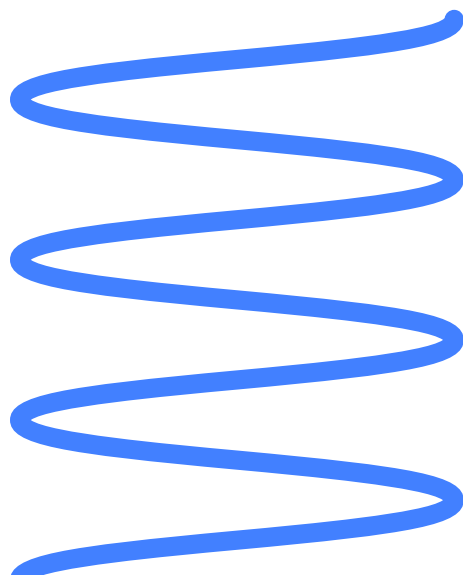
Serial switchers

Of those surveyed who had switched services over the last year, 41 percent had changed once, and 38 percent had switched two or more times (up 5 percent from 2016). It's not simply a grass-is-always-greener phenomenon; customers today have a higher expectation for companies and are willing to shop around for businesses that will meet their requirements.





66 percent of customers
would be more loyal
if provided with better
customer service



Sparking loyalty

It's easy to blame the victim, but customers aren't just being high maintenance. In fact, many are open and willing to be wooed by caring companies. Survey respondents indicated they would be more loyal (66 percent), would recommend businesses to others (65 percent), would spend more money (48 percent), and would use businesses more frequently (39 percent) if provided with better customer service.

The resolution?

Customer service issues often stem from treatable problems that begin in the contact center.

Contact centers bogged down with long hold times, disjointed channel experiences and inaccessible agents systematically wear down customer appreciation and retention. In many contact centers, agents are stretched thin, across multichannel operating systems, with little insight into the overall customer journey or back-end operations. It's a trending problem that will continue to chip away at profits in the Age of the Customer.



Enter cloud contact centers linked to CRM

Cloud customer contact center solutions, when tightly integrated with your CRM platform, enable you to monitor and automate customer interactions across all touchpoints, so you can provide consistent support on every customer's channel of choice. Cloud-based automatic call distributor (ACD)/IVR and intelligent call routing allow callers to be easily routed to the agents with the skills and knowledge to help them, eliminating the need for customers to repeat information. Agents get immediate access to a single source of truth that presents important information about the caller, including which products they own, open cases, caller status and sentiment – allowing them to personalize the interaction, resolve the caller's problem and leave them with a positive emotional experience.

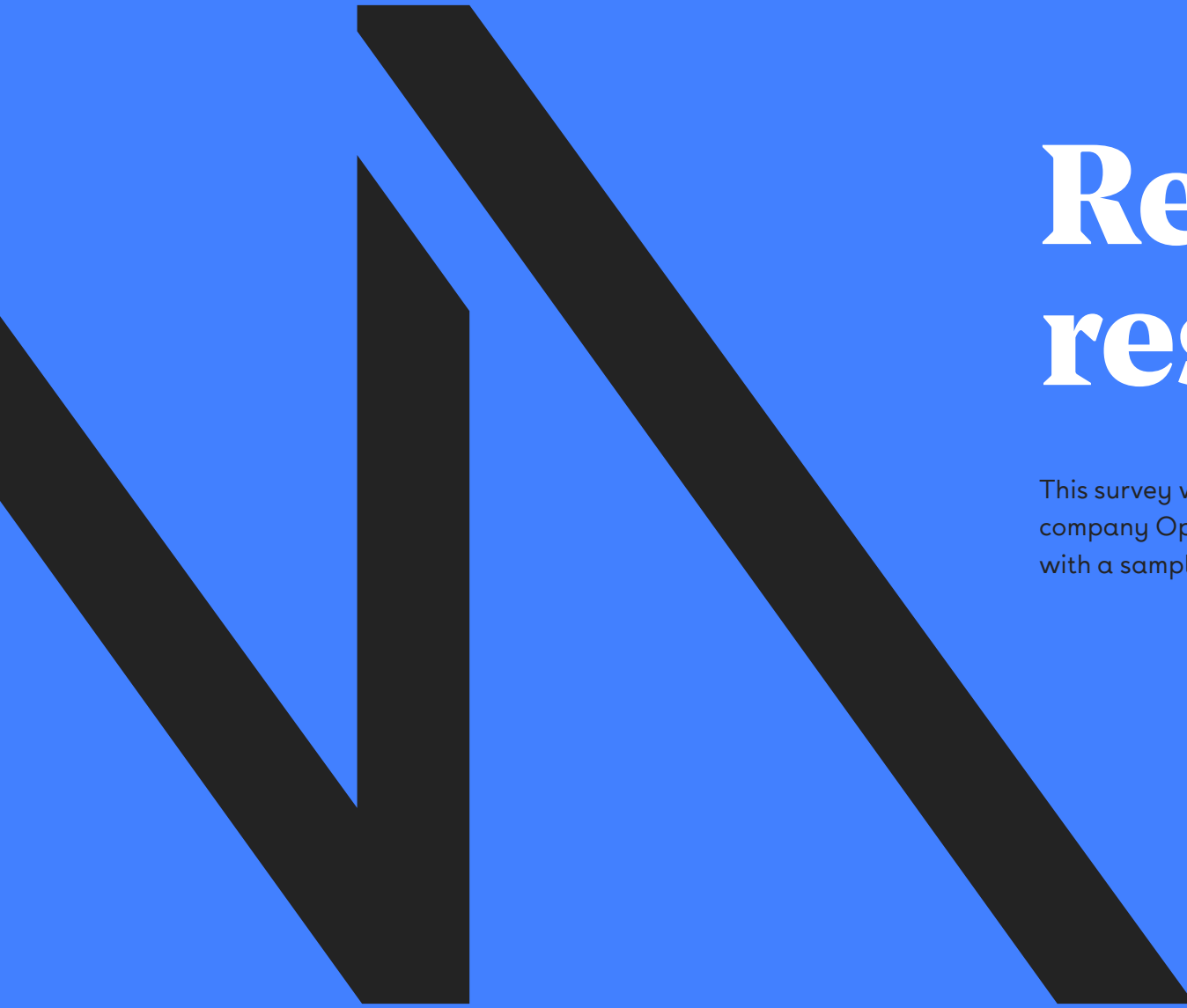
With integrated features like Conversation Analyzer, NVM's speech analytics solution, businesses can hone in on potential frustrations across their customer journey and focus on maximizing the moments that truly impact customer experience. Conversation Analyzer turns thousands of hours' worth of contact center calls into structured data that can be mined for a better understanding of customer experience and agent performance.

Call recording technology enables managers to better coach agents by showing examples of calls that were handled well and those that could use improvement. Service teams can use these insights to improve their processes and agent communication skills to help customers solve problems more efficiently and ensure that they feel good at the end of each conversation.

Motivate, NVM's gamification software, builds onto that by enabling managers to offer rewards and incentives for agents who implement best practices and replicate the behavior of top performers.

Empowering service professionals with the right tools and data is key because, ultimately, establishing emotive customer connections depends on better conversations. With billions of dollars hanging in the balance, it's time for companies to consider their options.





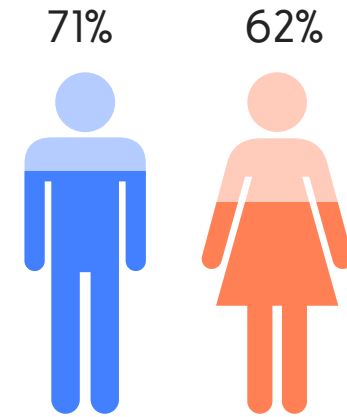
Research results

This survey was undertaken by independent research company Opinion Matters from Jan. 31 to Feb. 6, 2018, with a sample size of 2,002 adults from the United States.

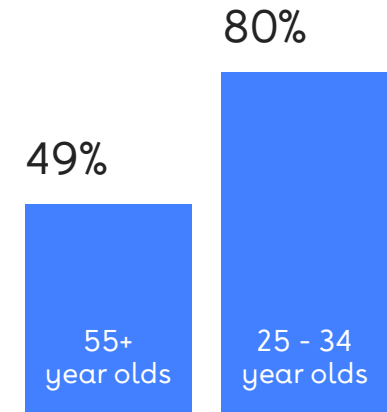
01

Have you switched to a different business as a result of poor customer service?

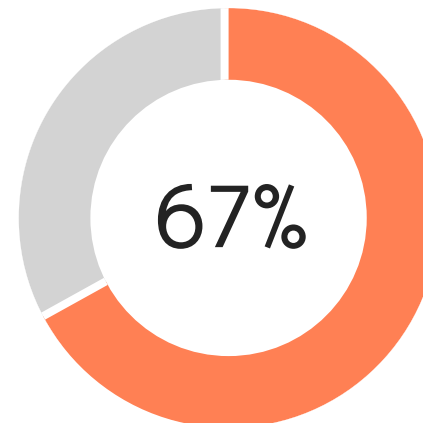
More than two-thirds of respondents (67 percent) reported leaving a business due to inadequate customer service. Reasons for leaving by those who switched included: feeling unappreciated (40 percent); not being able to speak to a person (33 percent); unhelpful/rude staff (32 percent); being passed around to multiple agents (30 percent), being put on hold for too long (28 percent); not being able to get answers (26 percent); and not being able to speak with someone senior (18 percent). 17 percent of customers had such low customer service expectations that they didn't even bother contacting support for their service issue before changing companies.



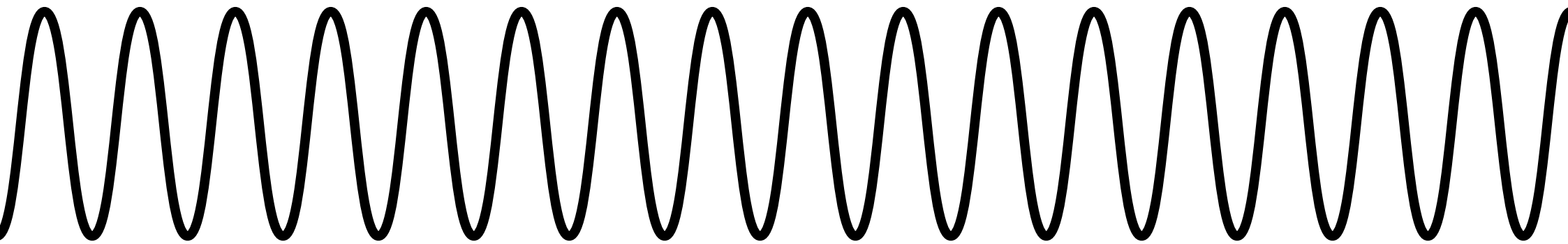
More men (71 percent) reported switching businesses than women (62 percent). Also, of those who switched, more women (45 percent) reported leaving because they didn't feel appreciated as a customer, than men (36 percent).



Mirroring our 2016 survey, older generations, aged 55+, were the least likely to switch, with only 49 percent indicating a change of business as the result of poor customer service. Those aged 25 to 34 were the most likely to switch, with 80 percent making a change following a poor experience.



67 percent of respondents have left a business due to poor customer service



02

If you switched, how much on average were you spending?

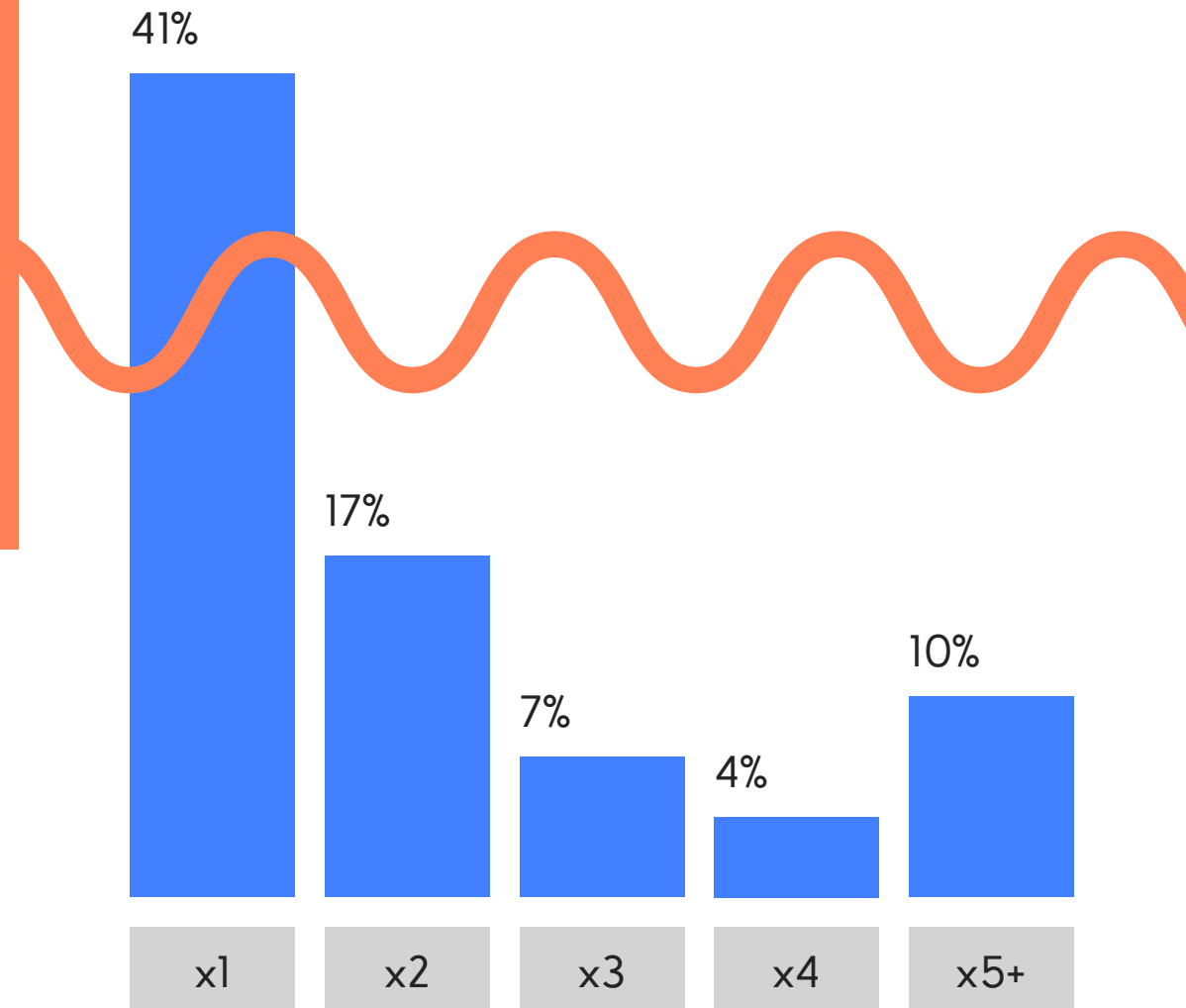
Those who switched were spending an average of \$430 over the course of a year, which equates to a total of the U.S. spending \$75 billion.

This has been calculated by multiplying the mean average of \$430 by the adult population of the US (261,153,768) and dividing by 1.5 as 66.58% of those surveyed had switched due to poor customer service.

03

How many times have you switched businesses in the last year because of poor customer service?

41 percent of respondents who reported switching patronage had changed businesses once in the last year. More than 38 percent had switched two or more times (up 5 percent from the 2016 survey), with 17 percent switching twice, 7 percent switching three times, 4 switching four times and 10 percent switching five times or more. In the 2016 survey, just 1 percent of respondents reported switched five times.



04

What puts you off about calling a business directly in relation to an issue?

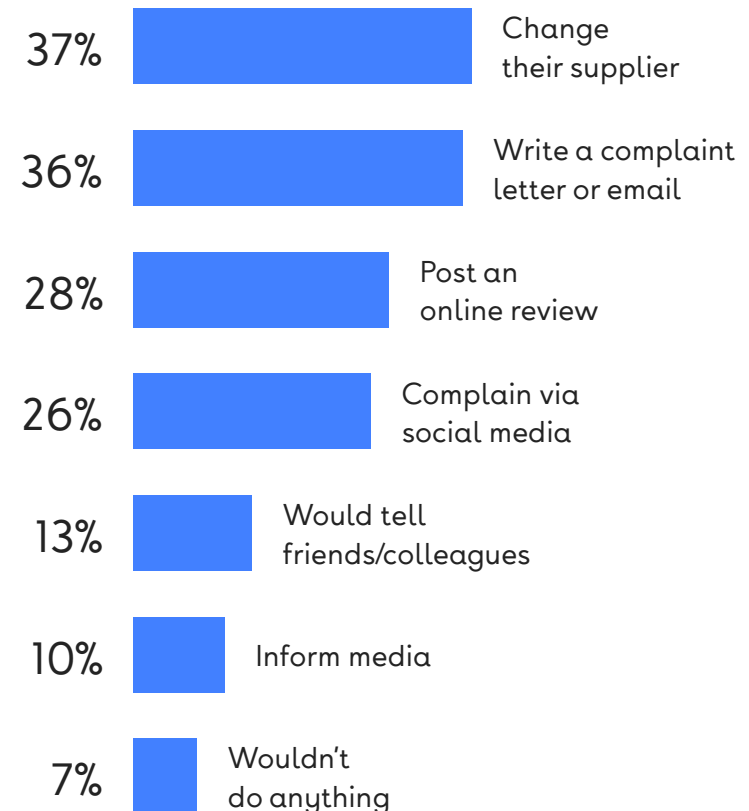
Respondents flagged having to repeat info to multiple agents (43 percent) as the top reason they dislike calling companies. They also noted not being able to speak to a "real person" straight away (41 percent) being kept on hold (39 percent) and needing to navigate multiple menus (37 percent) as off-putting.



05

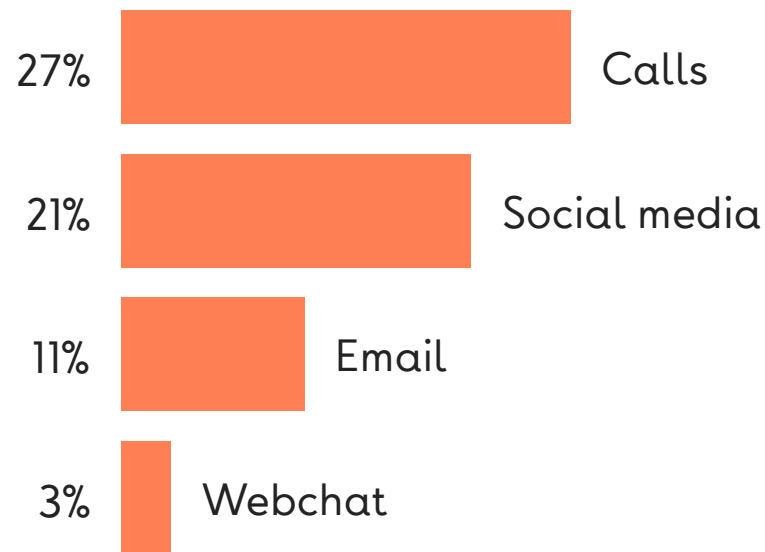
What would you do if you experienced poor customer service?

39 percent of respondents said they would not use a company again if they experienced poor customer service. 37 percent claimed they'd change their supplier, 36 percent would write a complaint letter or email, 28 percent would post an online review (up 5 percent from 2016), 26 percent would complain via social media (up 7 percent!), 13 percent would tell friends/colleagues not to use that particular company, and only 7 percent wouldn't do anything. One in 10 customers would even go as far as informing the media - that's a 5 percent increase from 2016!



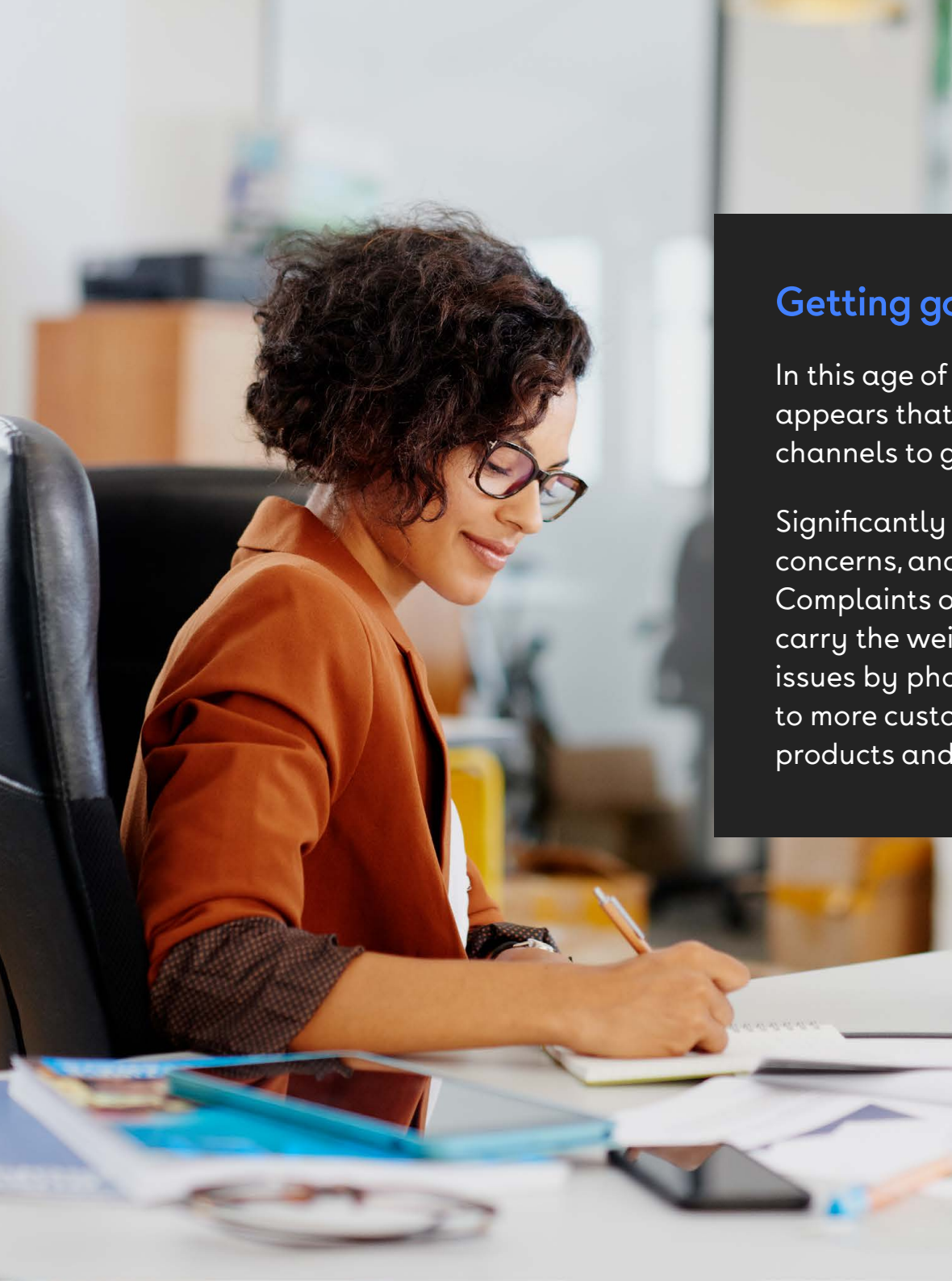
06

What do you think is the most effective way to get your problem resolved?



Nearly one third (32 percent) of respondents said there is no effective way to get a customer service problem solved. 27 percent believe calls are the most effective way of resolving an issue.

21 percent said social media (up 4 percent from 2016) and 11 percent said email. Many consumers consider social media to be effective due to its public nature, believing companies are more incentivized to take action. Despite the recent proliferation of self-service applications, only 3 percent of customers currently consider webchat to be the most effective way of resolving problems.



Getting gored by the social bullhorn

In this age of apparent slipping customer service standards, it appears that more people are begrudgingly turning to other channels to get their problems resolved.

Significantly more are turning to social outlets to air their concerns, and that could spell disaster for a brand's reputation. Complaints on public forums, online reviews and social media carry the weight of longevity. When companies can resolve issues by phone or email but fail to, they may lose their footing to more customers publicly shaming or ostracizing their products and services.

07

How long are you prepared to wait on hold before hanging up?



On average, respondents are willing to hold for up to 10 minutes before hanging up

On average, respondents are willing to hold for up to 10 minutes before hanging up. Unlike the 2016 study, in which women proved to be the more patient gender and willing to hold for 12 minutes, both genders were prepared to hold for only 10 minutes.

As with the 2016 study, average hold times changed with age, showing younger respondents are more patient than those in older brackets. 16-24-year-olds are willing to hold for 11 minutes, 25-34-year-olds would hold for 13 minutes, 35-44-year-olds would hold for 10 minutes, 45-54-year-olds would hold for nine minutes, and those aged 55+ would only hold for seven minutes.

In total, 27 percent said they would only hold for up to five minutes before hanging up (up 18 percent from 2016!), 36 percent said they would hold for five to 10 minutes (down 22 percent), 17 percent would hold for between 11 and 20 minutes (down 6 percent), 7 percent would hold for between 21 and 30 minutes, 7 percent would hold for more than 30 minutes and 4 percent would not hold at all.

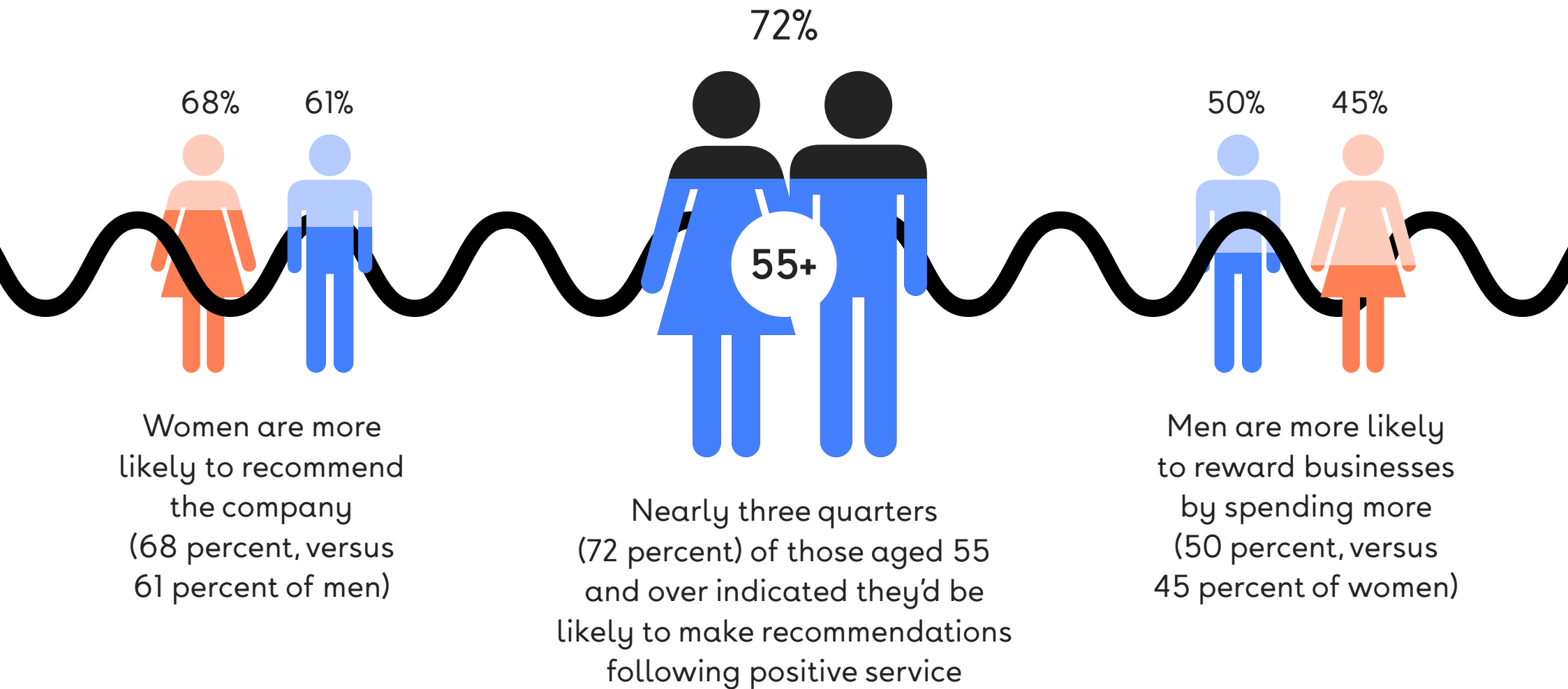
08

If a company gave you good service, how would this affect your relationship with them?

If provided with good service, 66 percent of respondents indicated they would be more loyal, 65 percent would recommend the company to others, 48 percent would spend more money (up 8 percent from 2016), and 39 percent would use the company more frequently. Only 7 percent claimed good service would not affect their relationship.

As with the 2016 study, women are more likely to recommend the company if provided with good service (68 percent, versus 61 percent of men). However, men are more likely to reward businesses by spending more (50 percent, versus 45 percent of women).

Also mirroring the previous study, nearly three quarters (72 percent) of those aged 55 and over indicated they'd be likely to make recommendations following positive service – the most likely among the generations surveyed. Those between ages 45 and 54 proved most apathetic with 9 percent claiming positive customer service would not impact their relationship.



09

What is your preferred method of communication with a business?

Nearly half (48 percent) of respondents still prefer a phone call as their primary method of communication with a business, followed by email at 24 percent.



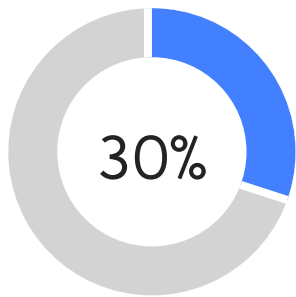
10

Which method of communication do you think would give the quickest response to get your issue resolved?

56 percent believe calls are the quickest way to resolve an issue, while 12 percent think email. Social media channels were selected by 13 percent of respondents. Webchat was chosen by just 7 percent, though it's worth noting that women were more than twice as likely to choose it than men (10 percent versus 4 percent). Respondents between the ages of 35 and 44 were also the most likely to select webchat (9 percent) compared to the other age brackets, with those between the ages of 16 and 24 being the least likely (4 percent).

11

Thinking about the companies you have done business with over the last 12 months what percentage would you say you felt an emotional connection with?



On average, respondents reported feeling an emotional connection with 30 percent of the companies they had done business with

On average, respondents reported feeling an emotional connection with 30 percent of the companies they had done business with. 43 percent of respondents felt emotional connections with 50 percent or fewer businesses. Only 27 percent indicated that they'd felt emotional connections with the majority of the businesses they worked with (51 percent or more). 29 percent said they had not felt an emotional connection with any business in the last year.

Women were the least likely to have felt an emotional connection with any business (34 percent, compared to 24 percent of men), and on average, men felt emotional connections with a higher percentage of businesses (33 percent) than women (28 percent).

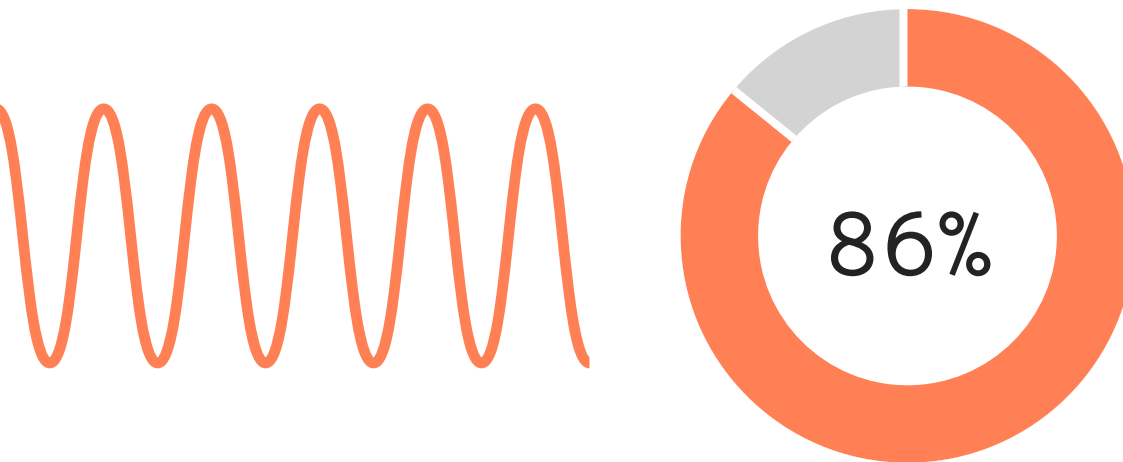
Respondents age 55 and over were the least likely to feel emotionally connected to the companies they did business with. 51 percent said they had felt no emotional connection with any business, and on average, this age group reported feeling emotional connections with just 14 percent of businesses. In contrast, respondents age 25-34 reported feeling emotional connections with the highest percentage of businesses they'd worked with (43) and were the least likely to say they hadn't made any emotional connections (14 percent).

12

If you felt that you had made a positive emotional connection with a brand and / or customer service agent, would you be more likely to do business with that company again?

57 percent of respondents said they would be extremely more likely to do business with a company again if they felt they had made a positive emotional connection with the brand or a customer service agent, and 29 percent said they'd be slightly more likely to return to the business. Just 5 percent of respondents said making a positive emotional connection would have no effect.

Results were consistent between the genders, but again, those aged 25-34 seemed to value emotional connections most, with 66 percent reporting they'd be extremely more likely to do business after such a connection. Respondents between the ages of 16 and 24 were the most likely to say that making an emotional connection would have no effect (13 percent).



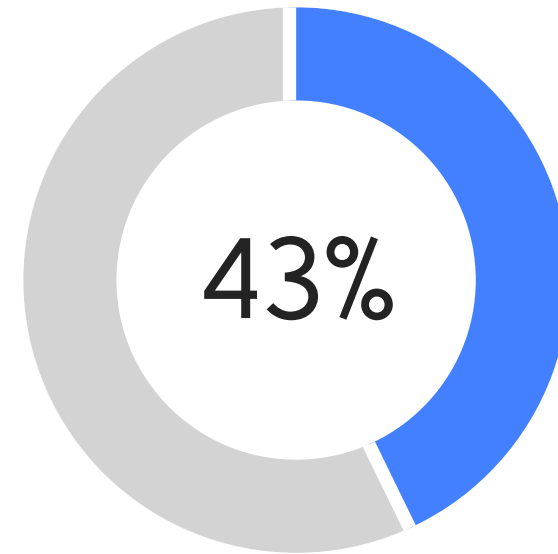
More likely to do business with a company again if they felt they had made a positive emotional connection with the brand or a customer service agent

13

What do you think are the key drivers of feeling emotionally connected to a brand?

Respondents rated being able to contact the company through any channel as the top driver (43 percent), followed by being connected to a highly knowledgeable agent (37 percent), finding the shopping experience exciting/fulfilling (31 percent), being able to find the information they needed through the company website (30 percent), a personalized customer service experience (30 percent), not being kept on hold (16 percent), and having a high quality phone call connection with an agent (15 percent).

The top driver for the younger age brackets (16-54) was being able to contact the business through their channel of choice, while the older brackets (55 and older) chose being connected to a highly knowledgeable rep as their no. 1 driver for feeling emotionally connected to a brand.



Respondents rated being able to contact the company through any channel as the top driver



In an era of empowered and ultra-connected consumers who expect a rich and consistent experience irrespective of interaction channel, businesses that excel in engaging customers across channels can retain nearly three times as much business as those without an omni-channel strategy. According to the Aberdeen Group, organizations with the strongest omni-channel customer engagement retain an average of 89 percent of their customers, compared to 33 percent for companies with weak omni-channel strategies.

NVM is passionate about helping drive great conversations across all customer touch-points and was one of the first to market with a fully integrated omni-channel contact center solution, which will enable organizations to leverage their Salesforce digital channels without switching to a third-party solution for the seamless digital and voice experience. This means companies using Salesforce can provide a rich, consistent and integrated experience regardless of the channel chosen by the customer.



About NewVoiceMedia

NewVoiceMedia is a leading global provider of cloud contact center and inside sales solutions that enable businesses to create exceptional, emotive customer experiences to serve better and sell more.

Its award-winning platform joins up all communications channels without expensive, disruptive hardware changes and plugs straight into your CRM for full access to hard-won data. With a true cloud environment and proven 99.999% platform availability, NewVoiceMedia ensures complete flexibility, scalability and reliability.

NewVoiceMedia's 700+ customers include Canadian Cancer Society, Ebury, FCR Media, FlixBus, JustGiving, Kingston University, Lumesse, Paysafe and Vax. For more information, visit www.newvoicemedia.com or follow NewVoiceMedia on Twitter @NewVoiceMedia.