Customer Experience

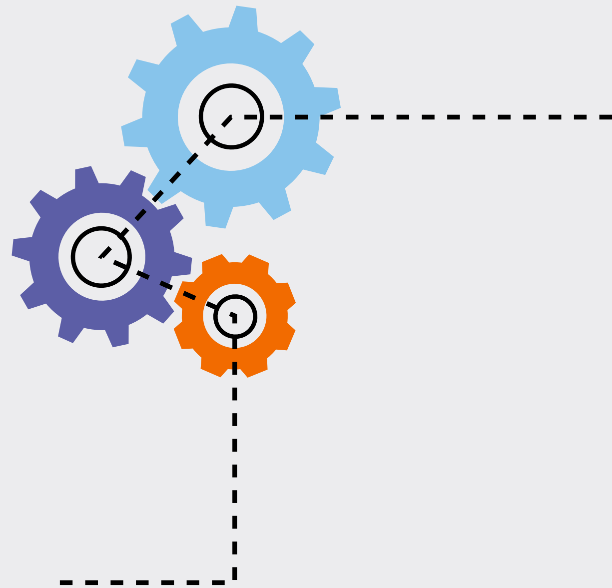
BENCHMARK RESEARCH REPORT

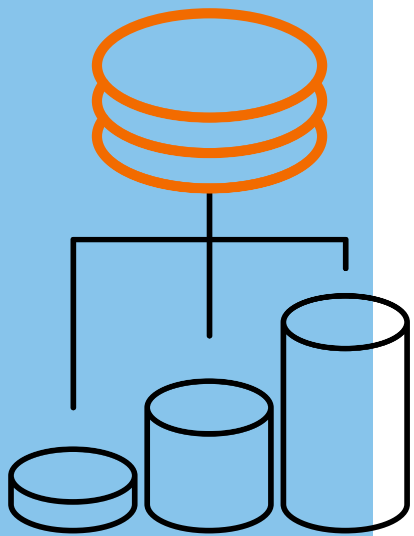
2015

THE INTERSECTION OF BUSINESS AND CUSTOMER PERSPECTIVES

ttec™

Table of Contents





Executive Summary

Do customers and businesses have the same priorities when it comes to customer experience (CX)? The answers have a big impact on current and future business decisions. Research from TTEC found that while in some cases both groups align, in others, they are miles apart.

The 2015 TTEC Customer Experience Benchmark Study surveyed 176 customer experience professionals and 3,515 consumers to gauge their perceptions of how businesses deliver customer experience. The results show that customer experience is considered a critical business driver, but few firms are meeting current customer expectations.

The biggest lesson learned is that consumers want a simple, frictionless experience whenever they interact with a brand. The reports of voice's death are greatly exaggerated, and while mobile is a business priority, consumer adoption hasn't quite yet caught up. Companies are spending money to improve elements of the experience while remaining efficient, but they need to do better to match consumer priorities and preferences.

CX Research Insights

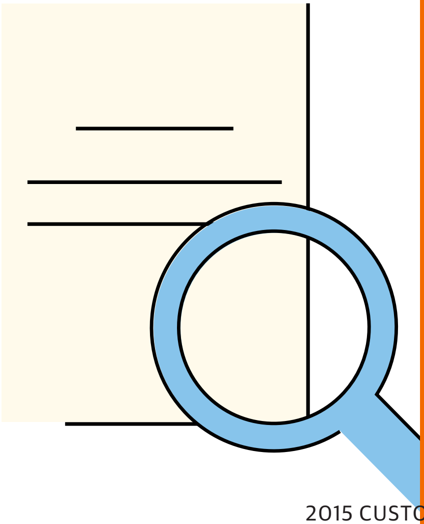
Customer-centric culture ranks as the **number one or two goal** for CX leaders in all industries surveyed

Mobile is expected to have the **highest level of investment** over the next three years

61% of consumers prefer that businesses invest in improving first call resolution

Businesses and consumers agree that **improving online self-service is a top priority**

Voice is still a channel of choice, particularly for issues that are time sensitive or complex



INDUSTRIES REPRESENTED:

Automotive

Communications and Media

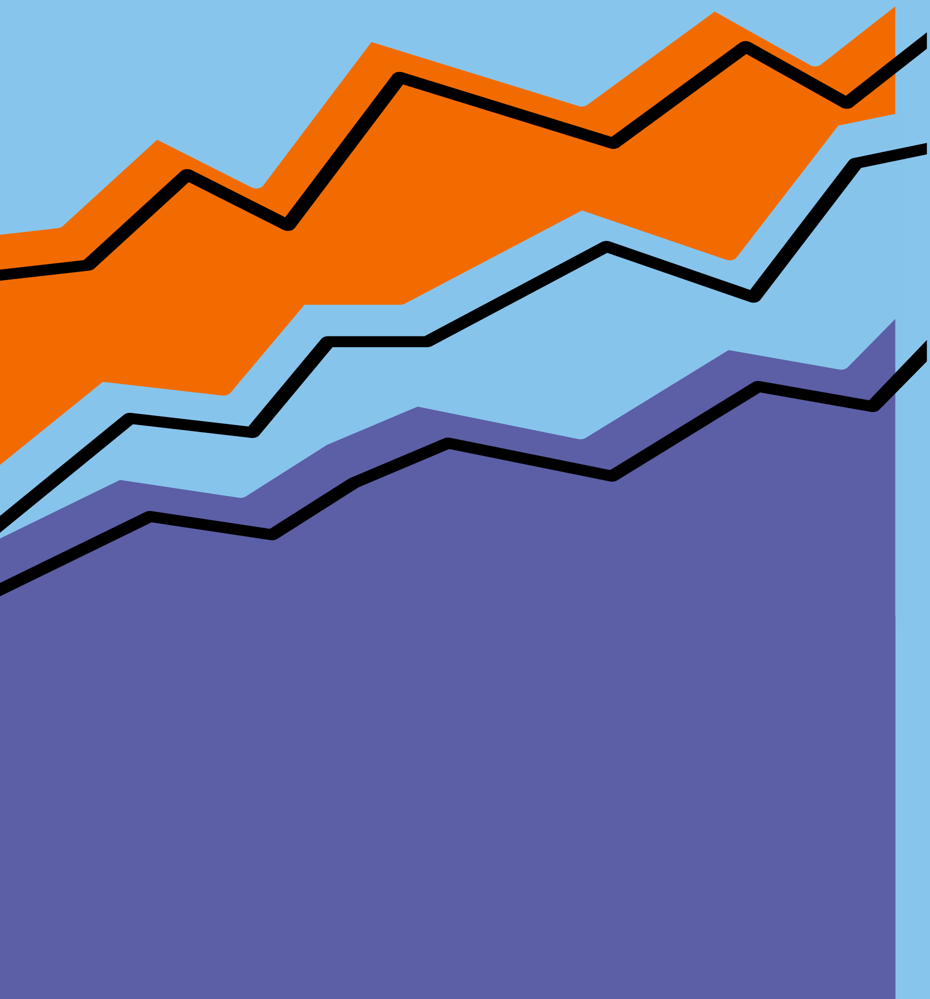
Consumer Banking

Health Insurance

Property and Casualty Insurance (P&C)

Retail

Technology



CHAPTER 1:

The CX Fast Lane

Commitment to customer experience is growing among businesses in all industries. Nearly all of those surveyed agreed that it will be an area of continued investment.

But where and how to invest is the question. There are only a few areas in which business customer experience preferences and priorities intersect with consumers. To be both efficient and effective in their CX efforts, companies must align what they prioritize with what matters most to their customers, both today and in the future.

BUSINESS CX WISH LIST:

Customer-Centric Culture

Customer-centric culture ranks as the number one or two goal for CX leaders in all industries surveyed. Other top strategic goals include improving workforce training, management and retention; conducting transformational change; and improving costs, efficiency and productivity.

Business users aren't afraid to spend — **96%** say they expect the amount they invest in customer experience to **stay the same or increase** in the next three years.

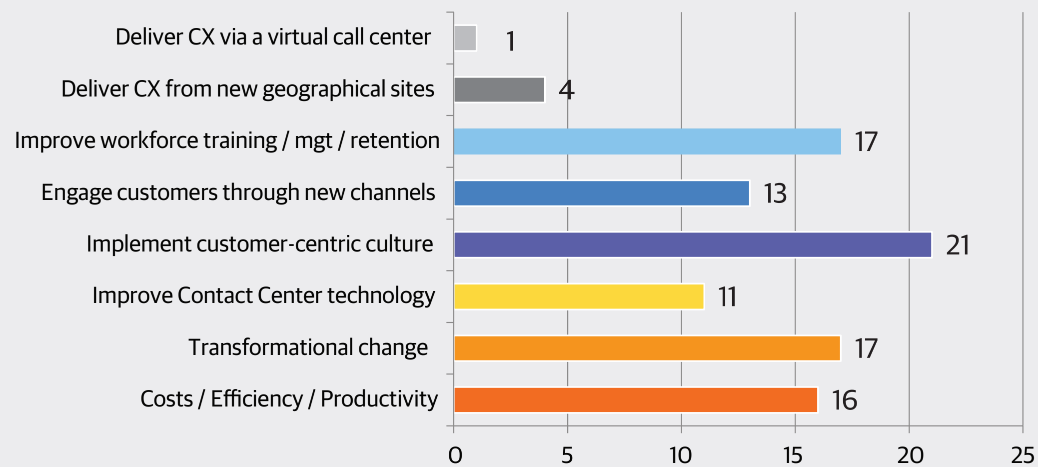
FUTURE FOCUS

Mobile is expected to have the highest level of investment over the next three years, particularly for respondents in healthcare, banking, insurance, and retail. Companies will also invest in enhancing sales capabilities and creating digital demand.

MOST IMPORTANT CUSTOMER EXPERIENCE STRATEGIES FOR BUSINESS

(MaxDiff Analysis - Relative Importance)

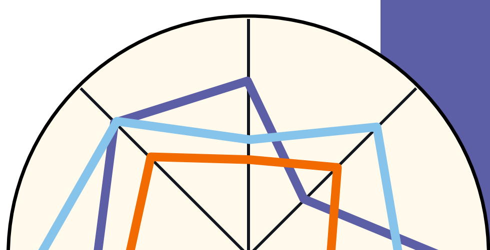
(% of Total Business Respondents; n=176)



Note: Maximum Difference utilities are converted into ratio-scaled probabilities that sum to 100 across the items. So an item with a score of 16 is four times as important as an item with a score of 4.

Consumers just want their issues resolved.

Though companies are preparing for more mobile, customers want them to get the basics of customer experience right first.



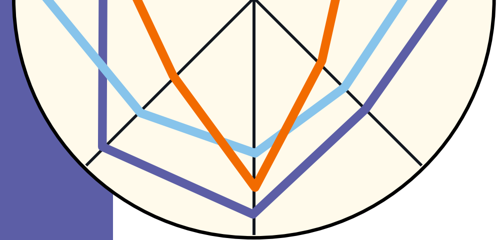
61% of consumers prefer that businesses invest in improving first call resolution as a top priority.

60% of consumers want investment in training employees to be empowered and knowledgeable.

44% of consumers prefer investments in areas to reduce complexity (transfers, people involved) when solving issues.

58% of consumers rate less wait time during calls as one of their top three communications priorities, second only to a user-friendly website.

70% of consumers rate transaction time as highly important when working with companies.



WHERE CONSUMERS WANT COMPANIES TO INVEST

1. First call resolution
2. Knowledgeable and skilled customer care associates
3. Reduce the number of people and/or transfers to resolve an issue
4. Live-assist accessibility (voice/chat)
5. Knowing them and their account history
6. Better website
7. Proactive customer outreach
8. Product/service advice and guidance
9. Product/service offers
10. More physical locations
11. Better cultural alignment to their needs
12. **Better mobile applications**
13. Offer tiered product/service support

Mobile improvement ranks twelfth on a list of 13 consumer investment priority choices.

Key Finding #1

First call resolution trumps all other experience areas for consumers.

Consumers want to be treated like a person.

CHAPTER 2:

Channel Insights

Businesses think they know what their customers want, and are investing and prioritizing accordingly. But, too often they put aside current interaction channels in favor of new and exciting potential ones.

The reality is that voice interactions still dominate as the channel of choice for consumers, even younger ones. Mobile and social are still waiting in the wings.

Mismatched CX Perceptions

Businesses and consumers agree that improving online self-service is most important, but the agreement stops there.

TOP RANKED **CUSTOMER** CX OBJECTIVES	VS.	TOP RANKED **BUSINESS** CX OBJECTIVES
1. Improve self-help website capabilities		1. Improve self-help website capabilities
2. Improve ability to answer questions and resolve issues via voice		2. Improve integration among channels to reduce friction
3. Improve integration among channels to reduce friction (tie) Provide complete and comprehensive information to customer queries through email (tie)		3. Improve social media to engage customers and as an additional interaction channel 4. Create user-friendly mobile apps for more convenient access
5. Provide timely and customized customer engagement using live chat		5. Improve ability to answer questions and resolve issues via voice
6. Create user-friendly mobile apps for more convenient access		6. Provide complete and comprehensive information to customer queries through email
7. Provide quick and personalized response to queries using SMS/ text message		7. Provide timely and customized customer engagement using live chat
8. Improve social media to engage customers and as an additional interaction channel		8. Provide personalized service through video

Though all businesses surveyed report that they are strong in customer experience areas, consumers disagree, particularly about channel integration and transaction time.

Only 28% of consumers rate the companies they do business with as high in ease of switching from one channel to another.

Key Finding #2

Consumers – even younger ones – are more interested in improving voice, email, and live chat ahead of mobile and social.

Long live voice, other channels lag behind

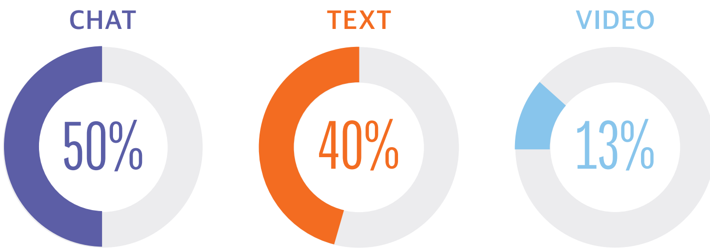
Reports of voice's demise are greatly exaggerated. Though not as exciting as digital interactions, voice is still a channel of choice, particularly for issues that are time sensitive or complex.

72% of consumers believe that "speaking directly" to an associate is important, especially when they are in a hurry or when the issue is complex.

And most consumers report they are very receptive to it as a method of communication when it comes to making purchases or getting support.

This is true for consumers young and old.

BUSINESS USE OF DIGITAL CHANNELS



GROWTH AREAS UNCERTAIN

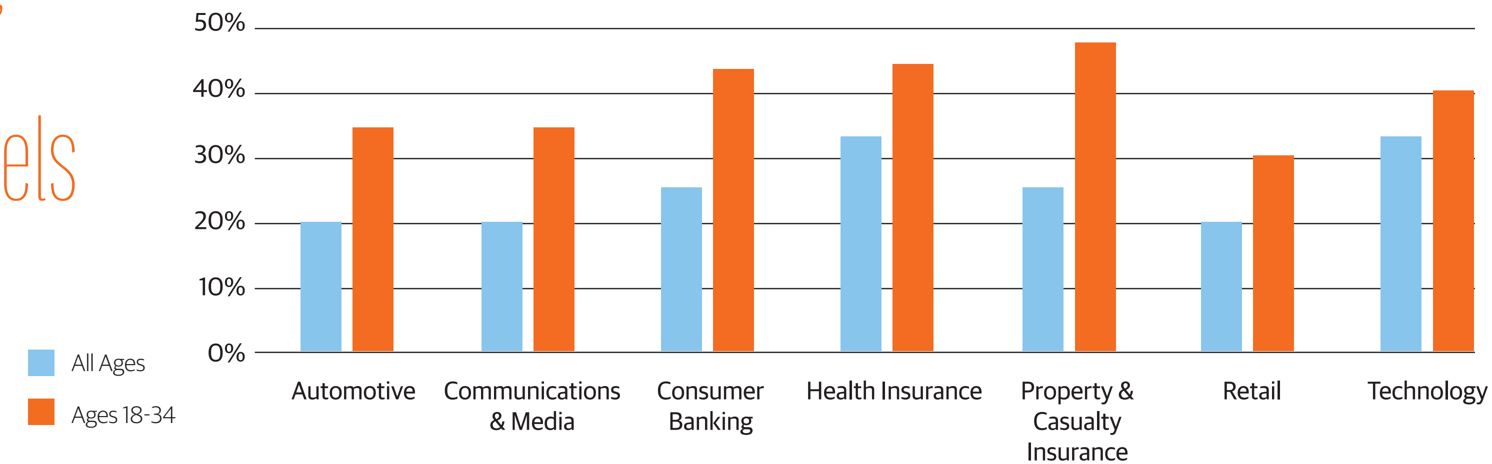
15% of businesses say social media is growing fastest as a customer experience channel

12% of businesses say chat is growing fastest

Key Finding #3

Go where your customers are. Learn how and why your customers experience your brand now, what they want in the future, and optimize those channels to create a superior experience.

Consumers' comfort levels with digital channels

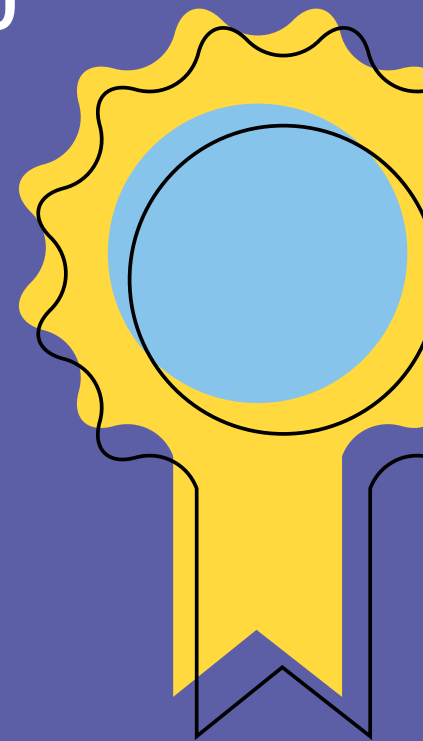


CHAPTER 3:

Treat Different Customers Differently

The consumer research revealed some interesting patterns among the 3,515 respondents, based upon their ratings for a series of preference statements. Using cluster analysis, we created four distinct customer segments: mobile-centric, cooperative, impatient, and voice-averse. Members of each segment share similar demographic characteristics, channel preferences, and digital comfort levels.

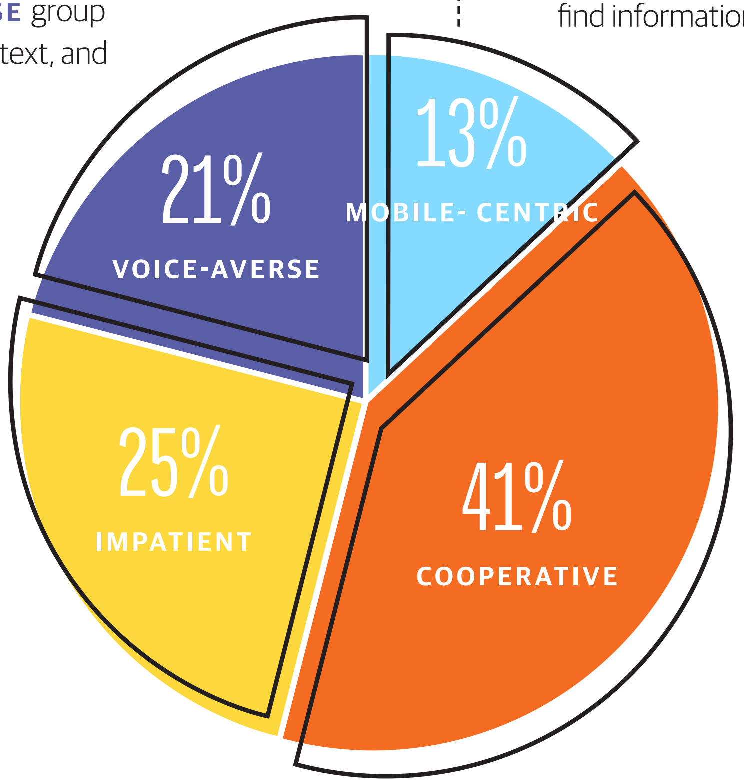
This level of insight is incredibly valuable for companies looking to prioritize customer experience areas. Knowing customer preferences and needs, firms can tailor more relevant interactions to the channels that customers want to use. And companies can go one step further with customer value analysis to prioritize how to most effectively and efficiently serve different types of customers.



Customers Fit Into Four Distinct Segments

MOBILE- CENTRIC customers prefer that all sales and service interactions be done through a mobile device, and they find social media a good place to find information about products and services.

The **VOICE-AVERSE** group prefers chat, email, text, and social to voice calls.



IMPATIENT customers value fewer customer experience interactions and feel they spend too much time trying to resolve customer issues.

COOPERATIVE customers are willing to share more personal information for a better experience, spend more time at the beginning of an interaction to save time later, and are willing to pay more for better, seamless customer experiences.

Customer preferences by segment

	Mobile-centric	Cooperative	Impatient	Voice-averse
DEMOGRAPHICS	Youngest; lowest income; least Caucasian; employed	Oldest; high income; many retired	More male; high income; many retired	Low income; many unemployed
DIGITAL COMFORT LEVEL	Highest comfort using digital media	Highest CX importance rating	Lowest comfort using digital media	Lowest CX importance rating
CHANNEL PREFERENCE	Prefer using mobile app and social media	Prefer using phone/voice	Prefer in-person interactions	Prefer using email
DIRECT INTERACTIONS		Want to speak to a CSR Less wait time is particularly important	Want to speak to a CSR Does not want to be transferred/talk to multiple people	
IMPORTANCE OF WEBSITE	Continuity across devices least important but want a user-friendly mobile application	Least concerned about a user-friendly website		Easy-to-use website and live chat at website are very important Want companies to invest in better websites
UNIQUE ATTRIBUTES	Want a personalized offer (exactly what you want)	Concerned about transaction time Most interested segment in low cost and good reputation Most satisfied with current company Most likely to be in a hurry		

Key Finding #4

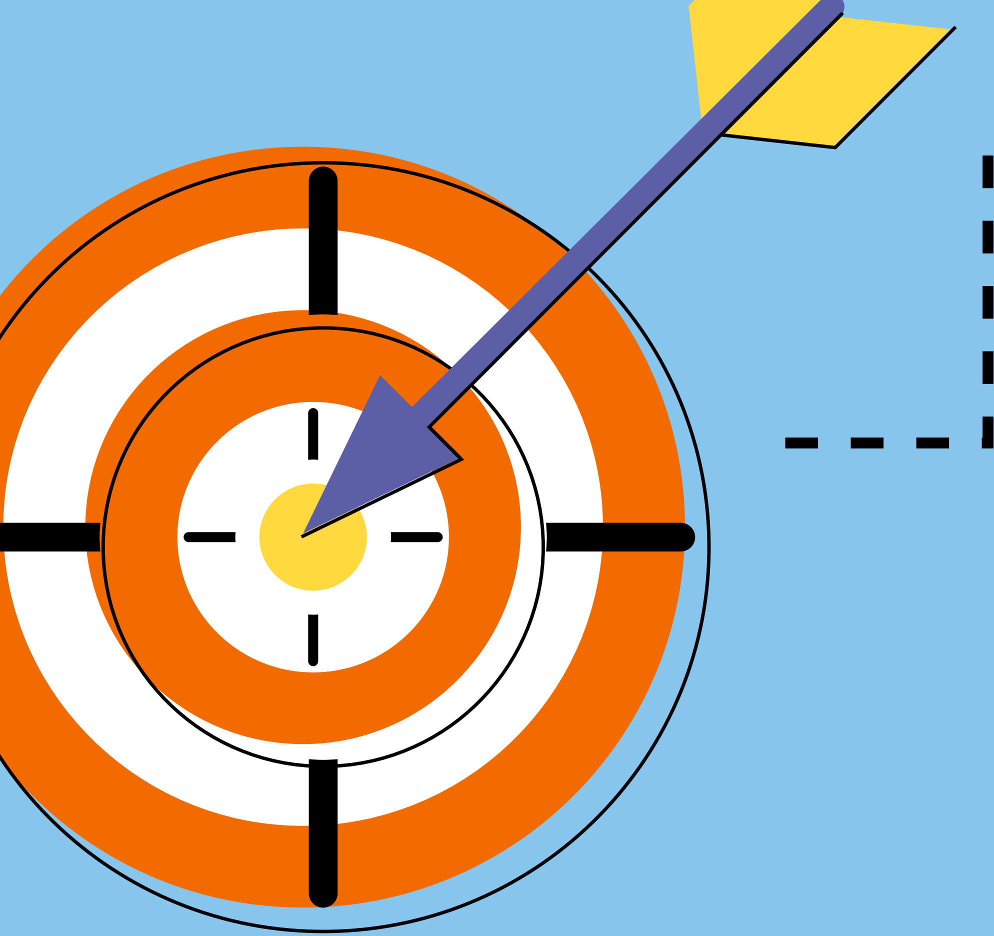
Different treatment strategies can be applied to different customer groups.

Where companies should invest

Cluster analysis identifies customer experience focus areas that will resonate most with different customer groups.

	MOBILE-CENTRIC	COOPERATIVE	IMPATIENT	VOICE-AVERSE
Live-assist accessibility (voice, chat)		■	■	■
First call resolution				
Reduce the number of people and/or transfers to find information to resolve an issue		■	■	■
Proactive customer outreach				
Knowledgeable and skilled customer care associates			■	■
Products and/or service advice & guidance				
Knowing me and my account history	■	■	■	■
Product and/or service offers	■			
Better mobile applications	■			
Better website				■
Better cultural alignment (communication, language and style that matches my needs)				
More physical locations				
Offer tiered product and/or service support (i.e., different levels of support at different price points)	■			

**Note: Segments that are statistically higher than others at 95% confidence are boxed.*



CHAPTER 4:

Industry Insights

Each of the industries represented in the research delivers their own brand of customer experience. Some compete on price, others on quality, and others on reputation. This leads to different experience expectations by consumers within those industries.

The research uncovered which elements of the experience matter most to consumers within automotive, communications and media, consumer banking, health insurance, P&C insurance, retail, and technology industries.

Industry Insights

Across all industries, consumers are willing to spend more time at the beginning of an interaction so they don't have to repeat information later. Yet other **customer insights** emerged relative to the unique needs of certain industries:

Cost and Reputation

have biggest influence on:

TECHNOLOGY
AUTOMOTIVE
CONSUMER BANKING
COMMUNICATIONS AND MEDIA
P&C INSURANCE

Speaking directly to an associate

is the most important communication attribute in:

CONSUMER BANKING
P&C INSURANCE
COMMUNICATIONS AND MEDIA
AUTOMOTIVE

Price

has the biggest influence on:

HEALTH INSURANCE
RETAIL

Location

factors into decisions for:

CONSUMER BANKING
AUTOMOTIVE
COMMUNICATIONS AND MEDIA

Consumers of health insurance, communications and media, automotive, P&C insurance, and retail say that the fewer times they have to interact with customer service correlates with loyalty.

Consumer Communication Preferences

BY INDUSTRY

VOICE

Communications and Media

Health Insurance

Property and CasualtyInsurance

Technology

IN-PERSON

Automotive

Consumer Banking

Retail

CHAPTER 5:

Key Takeaways for Senior Leaders

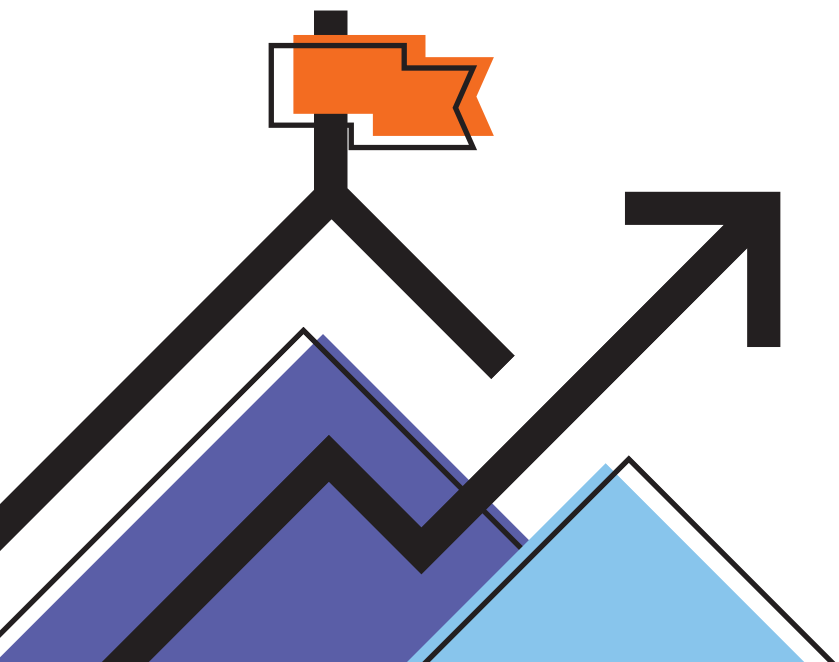
Customer experience excellence is a continuing journey, so we plan to revisit this research each year to identify how the space is evolving. Today's benchmarks show some positive areas, but also many areas of opportunity. So as expectation and experience gaps between business and consumers shrink, the intersection of consumers and business will only get stronger.

Jumpstart CX initiatives to align with consumers

KEEP AN EYE ON MOBILE, but don't forget other channels. While consumers increasingly use their mobile devices for all sorts of interactions, complex customer service isn't yet one of them. So prepare for a mobile future while continuing to manage positive voice interactions.

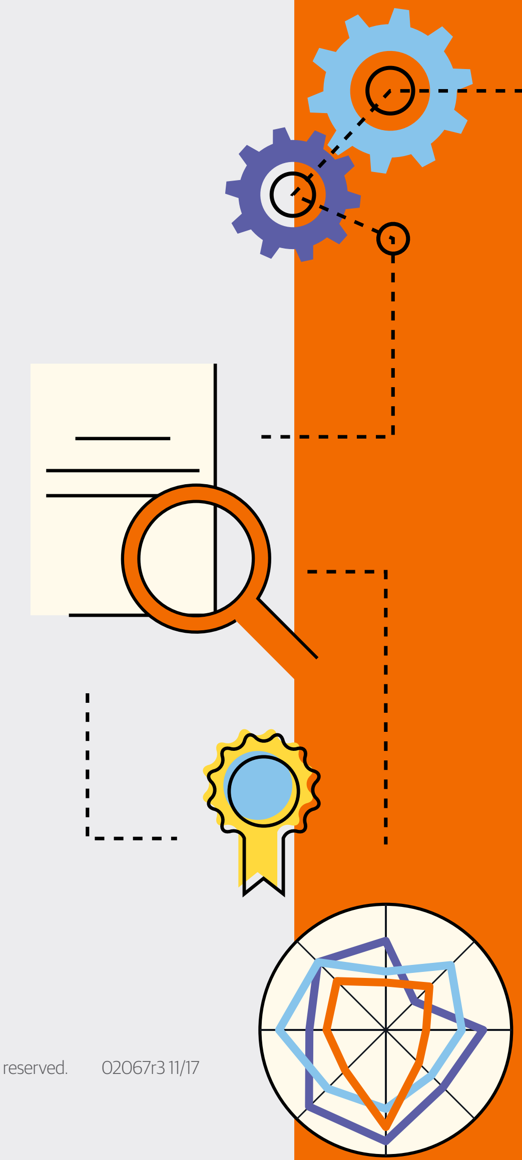
LEAD WITH HUMANITY. Consumers prefer to talk to an actual person when there's a complicated issue to resolve. So while voice is expensive, it is also a valuable customer interaction point. Use self-service tools for simple interactions, and prioritize voice for the complex communications.

SPEND SMARTER. The long-term benefits of good customer experience far outweigh the costs of operating a contact center. Invest smarter in the right places that create the most value from the customer relationship for both your business and your customers.



About TTEC

TTEC (NASDAQ: TTEC) is a leading global provider of customer experience, engagement, growth and trust and safety solutions delivered through its proprietary end-to-end Humanify™ Customer Engagement as a Service offering. Founded in 1982, the Company helps its clients acquire, retain, and grow profitable customer relationships. Using customer-centric strategy, technology, processes and operations, TTEC partners with business leadership across marketing, sales and customer care to design and deliver a simple, more human customer experience across every interaction channel. TTEC's 49,500 employees live by a set of customer-focused values that guide relationships with clients, their customers, and each other. To learn more about how TTEC is bringing humanity to the customer experience, visit ttec.com.



ttec™

02067r3 11/17