

**CONNECTED CUSTOMER:
OMNI-CHANNEL MANAGEMENT
IN A CONNECTED WORLD**



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Meeting challenges. Maximising opportunities.

Customer service strategies for a connected world.

The relationship between companies and their customers is becoming increasingly precarious. Having them constantly connected via their mobiles is great for engagement, but poses a significant threat as they are also permanently vulnerable to offers from competitors.

There's also fragmentation taking place across touchpoints with the majority of large companies offering a number of ways for their customers to engage with them. That's a completely new and overwhelmingly massive amount of information to cope with and meaningfully manage.

At the same time, these new and emerging channels present opportunities to enhance service delivery.

Customers are becoming increasingly confident about sharing their data online and openly embrace fresh ways to interact with their providers. This presents organisations with an opportunity to personalise how and when they are approached.

Companies must now consider whether their current strategy is capable of responding to customers, satisfying their needs and providing memorable experiences across a wide range of channels, while also delivering a positive return on investment.

Over the past few years the increasing popularity of social media and availability of information online has changed the way customers think about and engage with organisations. The multitude of channels and touchpoints has given rise to a totally new set of behaviours and attitudes.

Charting this new, largely unexplored terrain

To help us understand the changing landscape we looked at specific areas of customer relationships across three highly competitive and service-driven industries.

We selected customers of airlines, retail banks and mobile phone operators who had made contact with their chosen provider during the previous 12 months. We asked them which channels they had used and how they rated the performance of both the channel and the company they were contacting.

We also asked them to think years ahead and imagine how they might engage with their provider in the near future.

To make sense of the multitude of different touchpoints, we grouped them into three categories:

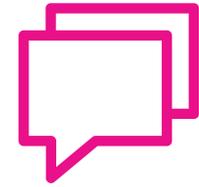
- **traditional offline**
(eg. service hotline, shops)
- **legacy digital**
(eg. emails, websites)
- **new digital**
(eg. Twitter, WeChat, apps, other social sites)



traditional offline



legacy digital



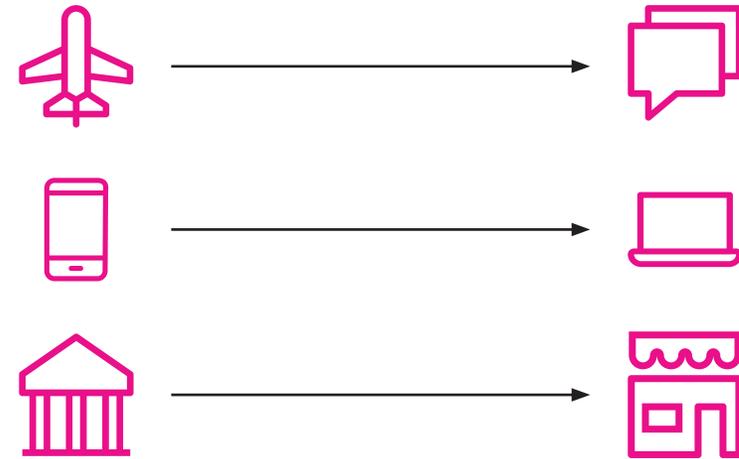
new digital

Different sectors move at their own pace

The first thing we noticed was the difference in digital channel adoption across the three industries. Airlines are by far the most advanced when it comes to the uptake of **new digital** channels.

In contrast, retail banking and mobile operators are still strongly dominated by **traditional offline** channels – in the case of mobile operators this is mainly via a service hotline and for banks, in-branch contact. Nevertheless, we believe it won't be long before we see a shift.

Retail banking groups are closing large numbers of their branches and this will automatically push customers to digital touchpoints. And many mobile operators are actively shifting their customers away from service hotlines to **new digital** channels such as mobile apps. But right now the picture is less clear cut. It's a complex blend of all three touchpoint types working in parallel.



The youngest trust the latest

It's probably no surprise to discover that younger generations use **new digital** channels for communication with organisations much more than older customers. In retail banking for example, where the uptake of **new digital** channels is slow compared to other sectors, young people are much more comfortable using Twitter and WeChat to talk to their banks. They've grown up with the channels as part of their digital diet so have fewer qualms using it, even for communicating serious or sensitive information. Clearly, as this demographic ages, the profile of new digital users will get older accordingly.



What's next?

This is a snapshot of the current situation. Take the same picture in two years' time and the landscape will be noticeably different.

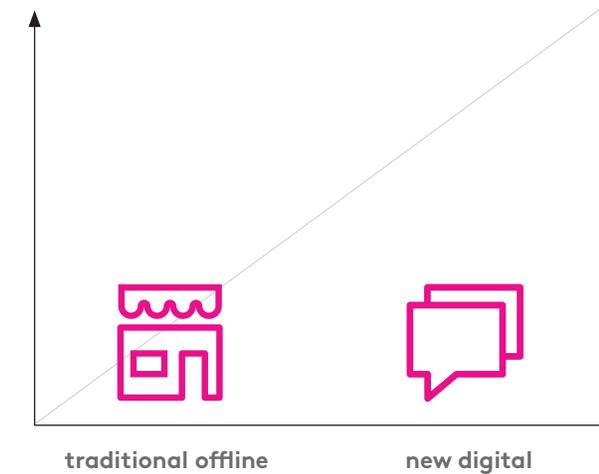
This is a crucial insight, considering how many organisations currently have this channel at the heart of their customer service strategy.

Although customer service delivery is going through a significant shift, it will be a subtler change than simply replacing one type of channel with another. Some touchpoints will certainly decline in relevance, but they will still have to be made available. We also predict an upswing in the relevance of forums and online communities to deliver customer service.

The result is a move away from one-to-one communication models, (hotlines) towards one-to-many channels (Twitter, forums). It's a dizzying kaleidoscope of different customer communication channels and touchpoints.

The open and transparent nature of social networks offers plenty of opportunity for well-timed service delivery. But it also offers competitors clear sight of your unhappy customers and an opportunity to leverage their dissatisfaction. The public nature of the channels also means that it's not just you or even your competitors who see the unhappy posts. Thousands of other people can read them too. Managing this vast, fluid landscape is daunting, but not impossible.

The picture revealed an increase in the use of mobile apps, social and messaging platforms, while **traditional offline** channels, particularly service hotlines, will become obsolete.



Different channels. Same issues.

With the advent of new communication channels and their ability to conduct timely customer-to-company conversation, we assumed that the reasons for using them would be new too. However, it transpires that customers discuss the same issues with organisations using **new digital** as they did when using **traditional offline** or **legacy digital** channels.

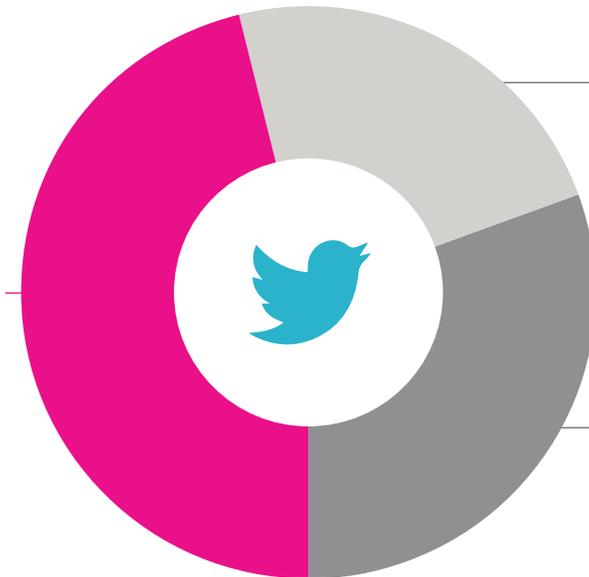
Almost half used Twitter to ask a question or request information.

That's a perfect opportunity for companies to strengthen the relationship by responding personally and then following up the conversation.

More than a quarter used this channel to alter, extend or sign a new contract, demonstrating the channel's capability to grow new business.

And while one third of messages via Twitter were complaints about the network or handsets, it offered the organisation an opportunity to quickly and efficiently repair the relationship.

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One third of messages via Twitter were complaints about the network or handsets

Surprisingly quick. Predictably good. Two golden rules for successful omni-channel management

1. Responsiveness

It's startling to learn that across the three industries a quarter of customers who used social media to engage with an organisation didn't receive a reply.

On top of that, even if an answer was given, not responding quickly enough to customer queries has a negative effect on relationship strength, too.

The positive effect of good customer service is roughly equal across all channels, but poor service experienced via a **traditional offline** channel has a disproportionately negative effect on relationship strength. It seems that consumers are more willing to forgive poor service on the **new digital** channels, or to put it another way, **new digital** channels are more of an opportunity than a risk, as the impact of delivery failure via them is much less.

2. Consistency

Knowing that people use multiple channels at the same time means the risk of customer service failure is higher if a channel fails to live up to expectations. This service failure has a negative effect not only on relationship strength but also on the customers' willingness to stay engaged with an organisation.

Individuals who had an excellent experience with their airline on Twitter went on to use a number of other service channels, while those who had a poor experience didn't really increase their channel usage at all.

This effect isn't only restricted to **new digital** channels. We see the same pattern in service hotlines. Satisfied customers using this channel go on to use more than two others, with unhappy customers going the other way, and reducing their level of interaction.

Put simply, excellent performance can trigger engagement with an organisation's multi-channel environment, giving them a great opportunity to build strong relationships. On the flipside, service failure dramatically decreases the likelihood of customers using additional channels, and subsequently reducing the chance to make up for service failure with a good performance elsewhere.

That's why consistent quality across all channels is vital, as performance on one can directly influence the usage of others.

On top of that, multi-channel use can be a positive driver of relationship strength. Good customer experience across several channels has a much more positive effect than a good experience on only one.

The more channels individuals are in contact with and experience good performance, the stronger their relationship with the organisation becomes.

Is it really worth the investment?

The biggest question posed by the proliferation of customer service channels is weighing up whether investing in their management will have a positive return on investment. Service innovation, optimal performance delivery and consistent, integrated execution comes at a price. What organisations have to figure out is whether positive outcomes such as a reduction in customer churn, an increase in share of wallet and word-of-mouth recommendations is a result that's worth the price.

Let's look at telco giant Verizon as an example. They take omni-channel management seriously.

They show excellent ratings in nearly all service channels. Another company from that category who doesn't invest as much in managing their customer touchpoints, shows much lower satisfaction scores across the board. What this means and how it translates into overall company performance is startling. Verizon does not only have much stronger overall relationships with their customers but they show stronger preference for their brand, too, which is also reflected in their lower churn rates.



Key learnings

Use consistency and agility to manage complex connectivity

The new channels will unlock many opportunities for companies, but many challenges too, including availability, quick response times and a more dynamic interaction with customers.

Key to achieving this is consistency: within individual touchpoints, but also across the customer journey when multiple channels are being used.

The benefits of this approach include higher customer loyalty, stronger preference and ultimately a better return on investment.

In a constantly connected world, consumers will expect the availability of **new digital** service channels – along with **legacy digital** and **traditional offline** touchpoints.

Get in touch

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With expertise in innovation, brand and communication, shopper activation and customer relationships we help our clients identify, optimise and activate the moments that matter to drive growth for their business.

We are part of Kantar, one of the world's leading data, insight and consultancy companies.