The Millennialization of Customer Service

Risks & opportunities: The myth of generational preferences

NUANCE

Customer service professionals are concerned about the impact the Millennial generation will have on their organizations. Now between 18 and 34 years old, the biggest generation in history is making its presence felt in customer bases worldwide.

Defined by the digital age in which they grew up, Millennials can't remember a time without mobile devices, high-speed Internet connections and social media. Their perception of good customer service is shaped by Wikipedia and YouTube – answers are easy to find, on any device, from anywhere. Their tolerance for bad customer service is low and they aren't shy about voicing their displeasure.

In the US, Millennials are poised to exceed the number of living Baby Boomers in 2015, and their numbers are expected to reach 81 million by 2036[1]. With the need to also serve 75 million Boomers and 65 million members of Generation X, many are asking whose expectations they need to prioritize.

But perhaps the question shouldn't be how to address the generations differently. Instead, what if we asked, "Are Millennials really so different from everyone else?" New research commissioned by Nuance Communications debunks the divide between Millennials and their parents and grandparents. The survey of 1,000 American consumers reveals current perceptions and frustrations with customer service.

Millennials vs. everyone else: Debunking the divide
We've already seen the impact that technologies, originally designed for consumers, have had on our work lives. Tablets, smartphones and wearables are increasingly being embraced by companies that want to drive new ways of working. Just as the consumerization of IT is changing the enterprise, the ubiquitous use of always-connected devices is shrinking the gulf between generations.

Today the attitudes and preferences of Millennials are impacting the behavior of all generations. We are experiencing the "millennialization" of customer service.

Last year, our research on customer service frustrations pointed to a divide among Millennials, Generation X and Baby Boomers. They disagreed on preferred channels and their expecations varied. Today, that gap has significantly shrunk. The research now calls for an intuitive, consistent experience – across channels, interactions and generations.

1 Pew Research: http://www.pewresearch.org/
fact-tank/2015/01/16/this-year-millennials-will-
overtake-baby-boomers/

Service quality impacts market share

Customer service has overtaken price and convenience as the greater influence on consumer buying decisions. As Millennial expectations for streamlined experiences become the new normal, the emphasis on service continues to rise. Eighty-seven percent of consumers report that a company's customer service has a significant impact on their decision to do business with them.

In addition, for those who prefer to self-serve – finding answers and solving problems without engaging with a live agent – the customer experience has an even bigger impact. Ninety percent of those who use automated self-service, compared to sixty-seven percent of those who don't, say customer service has a significant impact on their decision to do business with a company.

It's also important to note that self-service is not the exclusive domain of Millennials. As the "millennialization" of customer service takes hold, all generations are turning to technology solutions. In fact, eighty-eight percent of all consumers have used automated self-service – including eighty-six percent of Baby Boomers. Today, the definition of customer service is no longer about getting a company to "fix my problem." Rather, customer service now means "make it easy for me to solve my problem myself."
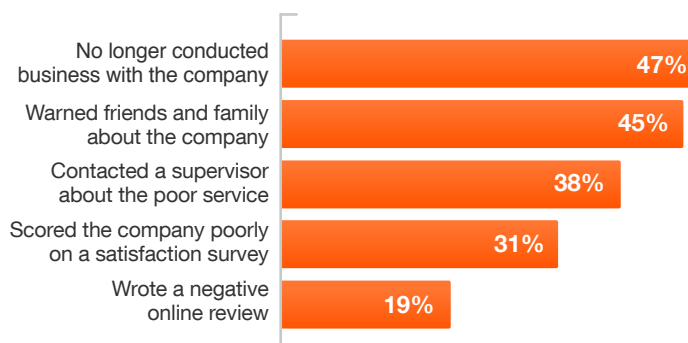
No forgiveness for poor service

Customers no longer have tolerance for sub-par experiences, and the consequences of bad service are significant. Two-thirds of consumers say they have cancelled a service or ended a relationship with a company because of a bad customer service experience. More than one-third (36 percent) of consumers say they have done so more than once.

This is a noticeable increase from 18 months ago when just over half (56 percent) reported they had cancelled a service or ended a relationship. Across generations, the number has also increased markedly. Seventy-two percent of Millennials report they have cancelled a service or ended a relationship this year, an increase from fifty-seven percent in the past 18 months. For Baby Boomers and Generation X, sixty-five percent of both generations have cancelled a service, compared to fity-six percent in 2014.

The impact of poor service goes beyond simply taking their business elsewhere. A majority of consumers (78 percent) are also taking action after a bad customer service experience. Ramifications include:

Top responses to bad service

Response	Percent
No longer conducted business with the company	47%
Warned friends and family about the company	45%
Contacted a supervisor about the poor service	38%
Scored the company poorly on a satisfaction survey	31%
Wrote a negative online review	19%

Industry perspective
The top five industries consumers report they've contacted for service most in the past year include:

– Communications (36 percent)
– Financial services (26 percent)
– Retail and consumer goods (26 percent)
– Healthcare (25 percent)
– Utilities (25 percent)

How was the service?
Asked to rank the best and worst service they received by industry, consumers reported the following:

Best. Retail and consumer goods (20 percent) and financial services companies (19 percent) were reported to provide the best service.

Worst. Communications companies (31 percent) and utilities (15 percent) were reported as having among the worst service.
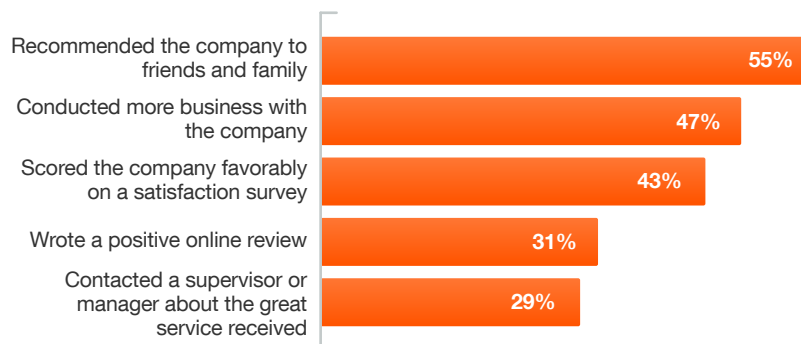
Voicing displeasure
Collectively, this activist response to poor service indicates an increased intolerance for negative experiences across all age groups. In fact, the only significant difference between generations is where they take their complaints.

– The top action by those 40 or older is to stop conducting business with a company.
– For those 40 and under, warning family and friends is the top action
– Millennials are most likely to voice their feelings online or ask for compensation of some kind. Twenty-one percent have asked for compensation for a bad customer service experience.
– Millennials are almost also twice as likely to take their complaints online. For instance, twenty-seven percent of Millennials have written a negative review online, compared to sixteen percent of Baby Boomers.

Praising good service
The bias to action isn't one-sided. Eighty-eight percent of consumers have taken a positive action after a good customer service experience. Top actions taken include:

Top responses to good service

Response	Percentage
Recommended the company to friends and family	55%
Conducted more business with the company	47%
Scored the company favorably on a satisfaction survey	43%
Wrote a positive online review	31%
Contacted a supervisor or manager about the great service received	29%

More specifically, Millennials who complain online also make their praise of good customer service visible to the world. One-third have written a positive review online, twenty-seven percent have followed the company on social media and twenty-six percent have praised the company on social channels.

While the risks and rewards are greater for businesses, the research makes it clear that an effortless self-service experience is the priority for consumers of all generations.

Wanted: Automation with a human touch
Self-service solutions that enable customers to help themselves have revolutionized customer service. American consumers are increasingly turning to self-service to meet their needs before contacting the call center. In fact, nearly nine in 10 consumers say they have used an automated self-service system to complete a transaction, such as paying a bill or scheduling an appointment with a company with whom they do business.

The majority of consumers believe self-service has been a good thing for customer service. Fifty-nine percent agree that automated self-service options have improved customer service – with fifteen percent of respondents saying it improves customer service significantly. Among Millennials, three-quarters of respondents in this generation say automated self-service has improved customer service. The growth in the use of self-service for easier, faster service continues the trend Nuance reported last year in our report, "Top Customer Service Frustrations."

A convergence of top complaints
Last year, top complaints from consumers centered on having their time wasted, with each generation have a distinct pet peeve, including being put on hold, repeating themselves numerous times or getting transferred multiple times.

This year's research reveals a new mantra that all generations agree on – the desire to interact with a person. The 2015 top frustrations center on not being able to experience a natural, human interaction. While valuing a consumer's time is still crucial, the top issues this year were:

– Not being able to get through the system to talk to a real person (39 percent)
– Agents not having a full grasp of the English language (36 percent)
– Getting transferred multiple times (33 percent)
– Being put on hold (30 percent)
– Uninformed or unhelpful representatives (26 percent)

59%

of consumers agree that automated self-service options have improved customer service.

This rising focus on personal, human experiences is further evidence of the "millennialization" of customer service.

Customer service pain points converge

2014 generational frustrations: don't waste my time

32%	Millennials	Frustrated with being put on hold
35%	Gen X	Annoyed with not being able to get through the system to a real person
46%	Boomers	Maddened by agents that don't have a grasp of the English language

2015 common ground: give me a human experience

Millennials

Gen X

Boomers

39%
Annoyed with not being able to get through the system to a real person
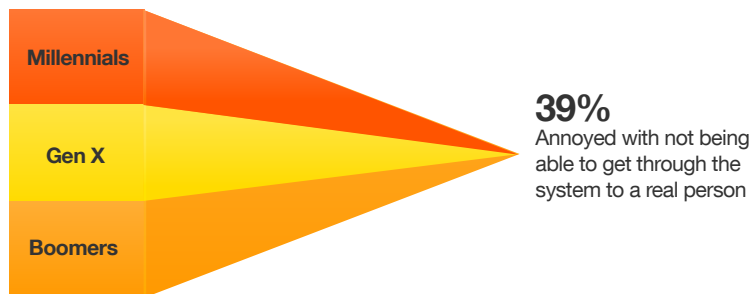
This dual focus on automated self-service and natural, human experiences makes it imperative that organizations eliminate the boundary between live interactions and automated self-service. While the top frustrations centered on reaching a person, consumers also have conflicting feelings about those person-to-person interactions, complaining about uninformed agents and imperfect language skills. Intelligent self-service technologies can help companies strike the right balance and deliver "human-like" experiences.

The customer service wish list: What consumers want
Companies have an opportunity to differentiate themselves by meeting the common service expectations of their customers. For those who get it right, the rewards include lower operational costs and higher customer satisfaction. So what do customers want?

1. Systems that talk to them: The reality is that your customer service is only as good as your weakest channel. And, most often, an outdated IVR with complex menus falls firmly into this camp. Seventy-three percent of consumers agree that interacting with an automated phone system they could converse with and be understood as if it were a live agent would significantly improve the experience.

2. Proactivity: In the same way a person might need a reminder to call their mother, consumers want help remembering to take business-related actions. Eighty-five percent of American consumers say they are interested in receiving proactive messages from companies.

Those they want the most include:

- A notice about sales or discounts (50 percent)
- A reminder for an upcoming appointment (46 percent)
- A status update on an application or order (42 percent)
- A reminder about an upcoming payment (35 percent)

3. Low drama: More than half (53 percent) of consumers believe proactive messages could have helped them avoid an issue in the past, including missing a delivery (25 percent), late payment fees (21 percent), bank account overdrafts (14 percent) or the interruption of a cable or phone service (14 percent).

4. Digital channels: The research shows that some consumers prefer digital communications methods like email, social media and mobile over traditional channels. Why? One-third of respondents say digital channels provide the information they need with less person-to-person interaction.

5. Speed and convenience: Sixty-five percent of consumers also report that digital channels are more convenient – allowing them to review the message when they want – and 50 percent report digital methods are quicker than other forms of communications.

6. Ability to help themselves: When asked what they wish more companies offer, top desires all centered around technology that could help them find answers and solve problems more easily, including:

The wish list for better self-service

Phone systems that can understand and navigate them to answers	42%
A better way to search and find information on a company website	37%
Proactive customer service systems that anticipate their needs	28%
Virtual assistant technology to advise them on customer service issues	19%

Meeting expectations: Avoiding the pitfalls
This millennialization of customer service brings together the
convenience and speed demanded by tech-savvy consumers and
the human-like experience required to build strong customer relationships.
However, businesses are failing to consistently deliver on customer expec-
tations and desires. The main culprit is a fragmented approach to customer
experience, with different channels offering different levels of service.

Looking ahead, companies have an opportunity to meet customer demands
with intelligent automation that provides a digital, human-like experience
across all channels. Let's explore the common pitfalls that businesses should
seek to avoid.

Offer consistent channel experiences
Consumers report that the last time they contacted customer service, on
average they use two communication channels to resolve their issue. With
so many different touch points, consistency is key. When asked how often
customers receive conflicting information from different channels offered by
the same company, more than half (52 percent) say this happens frequently.
For Millennials, this rises to sixty-nine percent, compared to fourty-seven
percent of Baby Boomers and fifty-one percent of Gen X consumers.

Humanize complex interactions
While the research shows consumers are increasingly turning to the web as
their first point of contact, the majority seek service via the phone when it
comes to time-sensitive or complex issues. Over half – thirty-two percent on
their home phones and twenty-one percent via cell phones – prefer to call the
contact center to resolve complex issues.

However, the IVR they encounter has to be able to deliver a quality
experience. Fifty-seven percent of consumers say they are more likely to
press zero in an attempt to bypass an automated phone system. When asked
why, the majority say they would rather speak with a live person (61 percent)
or it takes too long to navigate the system (22 percent). With conversational
phone systems topping the list of customer service desires (42 percent)
there's a clear opportunity to improve the calling experience.

Keep simple issues simple
For simple issues, the web is the obvious first place that customers turn.
But, the research shows a need for a more dynamic online customer service
experience. When asked when they most often contact customer service,
the majority of customers (50 percent) say they reach out when they can't
find information online. For forward-looking customer service organizations,
a static FAQ page is a potential death sentence. Instead, companies have
an opportunity to leverage intelligent automation, such as virtual assistant
technology, to deliver a more natural, interactive way to find the answers
they seek.

52%

of consumers receive conflicting
information from different customer
service methods from the same
company

50%

of customers contact customer
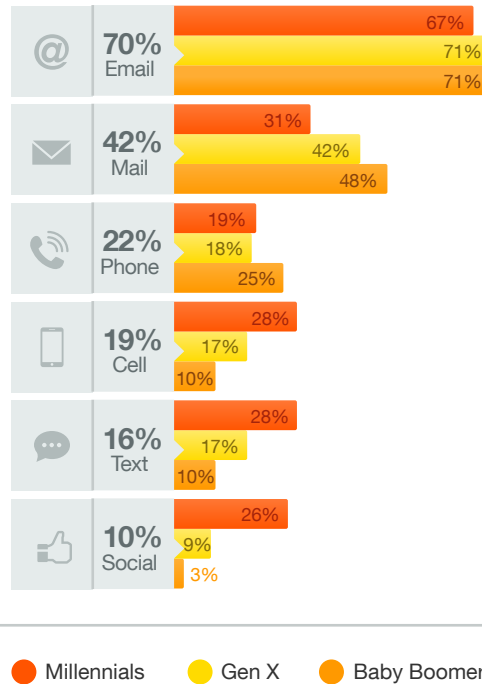service when they can't find
information online

Leverage the right channels

The research shows preferred communication channels vary by individual and consumers used multiple channels to answer questions and resolve issues. Make sure your organization is leveraging the right mix of channels to satisfy preferences and meet consumer needs when it comes to solving both simple and complex issues.

82%

of customers are likely to stop spending money with companies as a result of a bad customer experience.

Preferred communication channels

Channel	Millennials	Gen X	Baby Boomers
@ **70%** Email	67%	71%	71%
✉ **42%** Mail	31%	42%	48%
☎ **22%** Phone	19%	18%	25%
📱 **19%** Cell	28%	17%	10%
💬 **16%** Text	28%	17%	10%
👍 **10%** Social	26%	9%	3%

● Millennials ● Gen X ● Baby Boomers

Be proactive, but not annoying

As consumers rely more and more on technology to keep track of everything from birthdays to when to get an oil change, proactive reminders are becoming the mandate for keeping consumers on track. But, proactive engagement without context is just spam. When asked about issues with proactive communications, sixty-nine percent of consumers said they had experienced issues such as:

- Communication felt like spam or junk mail (38 percent)
- Topic wasn't relevant to them (36 percent)
- Name was mispronounced or misspelled (27 percent)
- Information provided was inaccurate (20 percent)

Complete the conversation

Forty-six percent of consumers report they have had an issue because they didn't receive confirmation of a self-service transaction they completed. Avoid triggering inbound calls to the call center by completing automated interactions with a confirmation via email or text message.

A way forward: Connected conversations
At the end of the day, the research confirms that Millennials are forcing a change in how companies approach customer service – not because their demands differ from other generations, but because they've acted as a catalyst for a common standard of excellence.

In many ways, this is good news for consumer-facing businesses. It clarifies the importance of customer service in the drive to gain and maintain market share. And, it validates investments that deliver the experiences that consumers have come to expect.

Across generations, people are increasingly comfortable with technology and happy to find answers and resolve issues themselves. In return, they want the experience to be as natural as a conversation with another person. No complicated menus, no wading through lists of possible answers, no need to repeat themselves again and again. They'd like the companies they do business with to proactively communicate and provide a consistent experience, from one conversation to the next, no matter how they choose to interact.

Nuance clients are already benefiting from providing these more intuitive, self-service solutions. Companies worldwide are leveraging the ability to understand the intent behind the words a consumer says or types to deliver effortless, consistent interactions through an IVR, web site or mobile app. Increasingly, businesses are connecting conversations that begin via an automated outbound channel and continue on an inbound channel, creating more human experiences that are fast and effective. As a result, customer satisfaction rates are increasing while operating costs decline.

The "millennialization" of customer service will reward industry leaders who acknowledge this fundamental change in expectations and move to provide conversational experiences that empower consumers.

About Nuance Communications, Inc.
Nuance Communications is reinventing the relationship between people and technology. Through its voice and language offerings, the company is creating a more human conversation with the many systems, devices, electronics, apps and services around us. Every day, millions of people and thousands of businesses experience Nuance through intelligent systems that can listen, understand, learn and adapt to your life and your work. For more information, please visit nuance.com.