

Consumers Channel of Choice

A Multi-generational Benchmark Study of
Consumer Channel Preferences



February 2017

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I. Executive Summary

DMG Consulting LLC has conducted a worldwide consumer benchmark study to identify consumer channel preferences for interacting with businesses. The study revealed that email and calls are almost tied for consumers' preferred way to communicate with a business, in general, 24.1% and 23.9%, respectively and are tied at 37.4% for first choice. And when it comes to the preferred way for a business to communicate with consumers, the overall results were similar across the four top channels. 24.9% of customers said that they would prefer an email from a business, and 23.6% a call. However, for the first outreach by a business, email is by far preferred over the phone, 60.2% vs. 21.4%.

The results were different when the benchmark participants were asked to rank their preferred communication channel for specific business situations. In situations where the participants had a serious or time-sensitive issue that needed immediate resolution, 98.5% said that they would call to get it resolved. The benchmark study identified the reasons for this high call rate: 82.9% said that calling is the quickest way to resolve an issue, and 82.9% indicated that calling is the easiest way to explain/describe a situation. These results make it clear that calling is the preferred way to take care of customer-service-oriented problems if the issue cannot be addressed easily using a self-service solution or another channel.

When it comes to buying products, the preferred communications channels are somewhat different. The vast majority of survey respondents conduct their product research and order online. 90.5% check a company's website, 87.7% read online reviews, 76.2% do a product/price comparison online, and 78.6% buy online. Shoppers use a phone in their research and buying process, as reflected by the 15.1% who call to ask a question about a website, 10.7% who call to ask a product question, and 6% who call to place their order.

Communications with friends and family also follow a very distinct pattern. People of all generations prefer to call their parents, 67.5% of survey respondents said they call, and 16.3% send a text. For interactions with siblings and friends, text is the preferred channel, as reflected by the 44.6% who text and the 27.8% who call. However, when it comes to communicating with a co-worker, the winning channel is email, as reflected by 43.7% of survey respondents, followed by the 21% who indicated they would text.

Despite the claims that email is the method consumers most prefer for communicating with a business, a call is rated highest when the consumer's need is the greatest.



The benchmark study found that enterprises that want to be considered leading providers of customer service need to support the following communication channels, in order of preference: emails, calls, text, online chat and social media. For sales, the necessary channels are web self-service, email, online chat, calls and text. While social media was not statistically significant in the benchmark results for either service or sales, DMG recommends that companies support this channel, as the impact of one

issue going negative and proliferating in social media due to lack of response is great. Video chat is another channel that was barely noted by participants in the benchmark survey. Video has been around for more than 20 years, but is just emerging as a channel to improve the customer experience (CX). DMG expects video to start attracting enterprise users, as it allows enterprises and medical providers to deliver an intimate and personalized experience without the expense of an in-person visit.

The phone continues to be a vital channel of communication, regardless of generation; there are business situations where Millennials, who are less patient and accepting of poor service, are more likely to pick up a phone and call.



The findings from this benchmark study answered many questions that businesses are asking, including if the behavior of Millennials differs greatly from the older generation of Baby Boomers. A great deal of thought and effort has gone into rethinking business communications to address the generation gap; this benchmark study finds that the generation gap is closing. Readers of this Report will see that the phone continues to be a vital channel of communication, regardless of generation; there are business situations where Millennials, who are less patient and accepting of poor service, are more likely to pick up a phone and call.

This benchmark study makes it clear that providing outstanding phone and email-based service and support is a business imperative. And despite the claims that email is the method consumers most prefer for communicating with a business, a call is rated highest when the consumer's need is the greatest.

The study also asked participants to share their thoughts about two emerging technologies that could greatly improve the customer experience while reducing operating costs: intelligent virtual agents (IVAs)/bots and voice biometrics. As is the case when it comes to the channels preferences of the study participants, ease of doing business is a priority, and consumers are open to new applications that make it easier and faster for them to complete a transaction.

This benchmark study gives enterprise, customer service, sales, e-commerce, technical support, collections, customer experience and customer journey leaders, managers and planners the information they need to plan and build an effective servicing

infrastructure. It identifies the necessary channels by business situation and provides facts to clarify the “accepted wisdom” about the communication preferences of Millennials and Baby Boomers.

II. Survey Demographics

In Q4 2016, consumers from around the world were invited to participate in this benchmark study about the channels consumers use to communicate with businesses. The study found that the phone is the preferred communication channel when people want to make sure that the “discussion” is understood by both parties and resolved quickly. In all situations where the nature of the conversation is serious, as in the case of handling problems, talking to doctors/dentists, making dinner/airline reservations, or speaking with parents, the old dependable phone is the preferred method of communication. Surprisingly, Millennials are more likely to call than Boomers in these situations. However, when it comes to researching new products or placing orders, the web gets top billing and is considered most convenient for taking care of business.

Phone is the preferred communication channel when people want to make sure that the “discussion” is understood by both parties and resolved quickly.

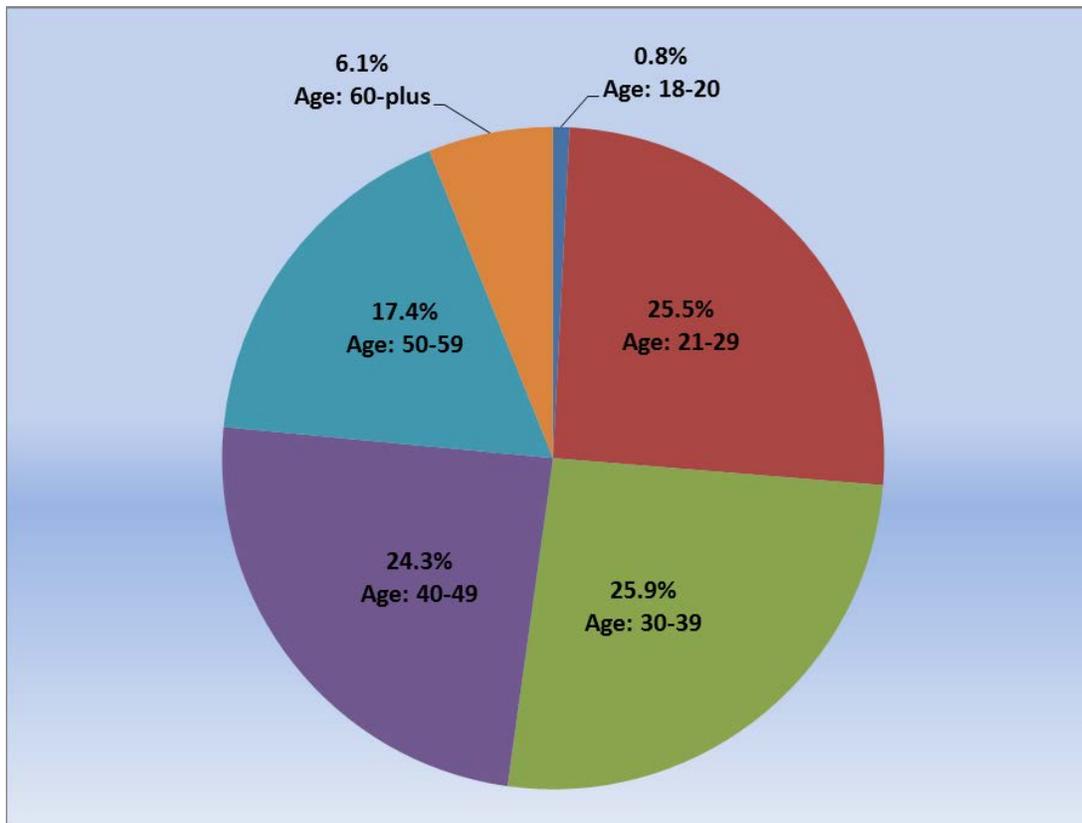


This was intended to be a broad study of consumer behavior and was not targeted at any specific demographic, as the goal was to obtain a representative group of participants in all age brackets. Of the 270 people who participated in this study, 88.1% (238 respondents) completed all of the questions, including the ones regarding their demographics, and 92.6% (250 respondents) completed all of the questions regarding channel preference. This represents an extremely high level of participant engagement, reflecting a broad interest in this topic.

Consumers from 15 countries participated in this study: 62.6% were from the US; 14.3% were in the Czech Republic; 8.8% were in the United Kingdom; 5% were in Israel; 3.8% were in Canada; 0.8% were in Norway, the Russian Federation and Ukraine, each; and 0.4% were in each of the following countries: Belgium, France, Italy, Poland, Spain, Turkey and the United Arab Emirates. 11.9% (12 participants) of the survey respondents did not share demographic data.

The survey asked participants to identify their age bracket. 91.5% of respondents provided this information, as seen in Figure 1 below. Survey participants ranged from 18 years of age to over 60. 0.8% were 18 – 20; 25.5% were 21 – 29; 25.9% of respondents, the largest demographic in the study, were 30 – 39; 24.3% were 40 – 49; 17.4% were 50 – 59; and 6.1% were older than 60 years of age. See Figure 1.

Figure 1: Survey Respondents, by Age



Source: DMG Consulting LLC, February 2017

A goal of this study was to determine if consumers' use of communications channels differed by age group. For the purpose of this study, DMG separated the respondents into two groups: Millennials and Baby Boomers. Millennials were defined as people who were born between 1977 and 2000, making them 17 to 39 years old. According to many sources, Millennials are now the largest generation, surpassing the highly influential Baby Boomers, who were born between 1946 and 1964 and are now 53 to 71 years old. (Consumers who were 40 to 49, who are referred to as Generation X, were included with the baby boomers.)

The survey results are aligned with worldwide demographics, as 52.2% of respondents were between the ages of 18 and 39, and 47.8% were 40 to 60+ years old. This is significant because it shows that the benchmark findings are representative of the general population.

III. Benchmarking Results and Leadership Profiles

This consumer benchmark study was conducted using a surveying tool and methodology. Consumers around the world were asked to take a 15-question survey. This web-based survey tool was announced in DMG's newsletter and website, and was passed by one consumer to another over a two-month period. While a scientific methodology was not used, DMG's approach has proven to be highly effective in identifying market trends and sociological norms that impact businesses.

This study was undertaken to review the validity of claims regarding the communications preferences of the two largest generations: Baby Boomers and Millennials. Many pundits have made the claim that the digital generation (another name for Millennials), is forsaking the phone as a primary communication channel in favor of other channels, such as emails, chat and texting. The findings of this benchmark study demonstrate that consumers from all generations are using the phone and will continue to do so to handle certain types of transactions, and will use digital channels in situations where they are a better fit. Consumers want the flexibility to use whatever channel is most convenient for them at any point in time, and the ability to seamlessly move between channels, based on their needs. Without a doubt, consumers believe that the organizations they do business with should know who they are regardless of the channel in which they communicate, and should follow their complete communication history as they jump from channel to channel. This study is very important for businesses that are trying to build their customer experience (CX) and customer journey strategies.

i. Consumer Communication Channel Preferences

Private and public organizations and institutions are trying to figure out the most effective manner in which to communicate with their customers and prospects. This is an age-old challenge that dates back to a time long before there were digital channels. The two primary questions are:

1. How do consumers prefer to communicate with a business?
2. How do consumers want a business to contact them?

The survey found that the answers to these two questions were substantially different and varied based on who initiated the interaction, the consumer or the business.

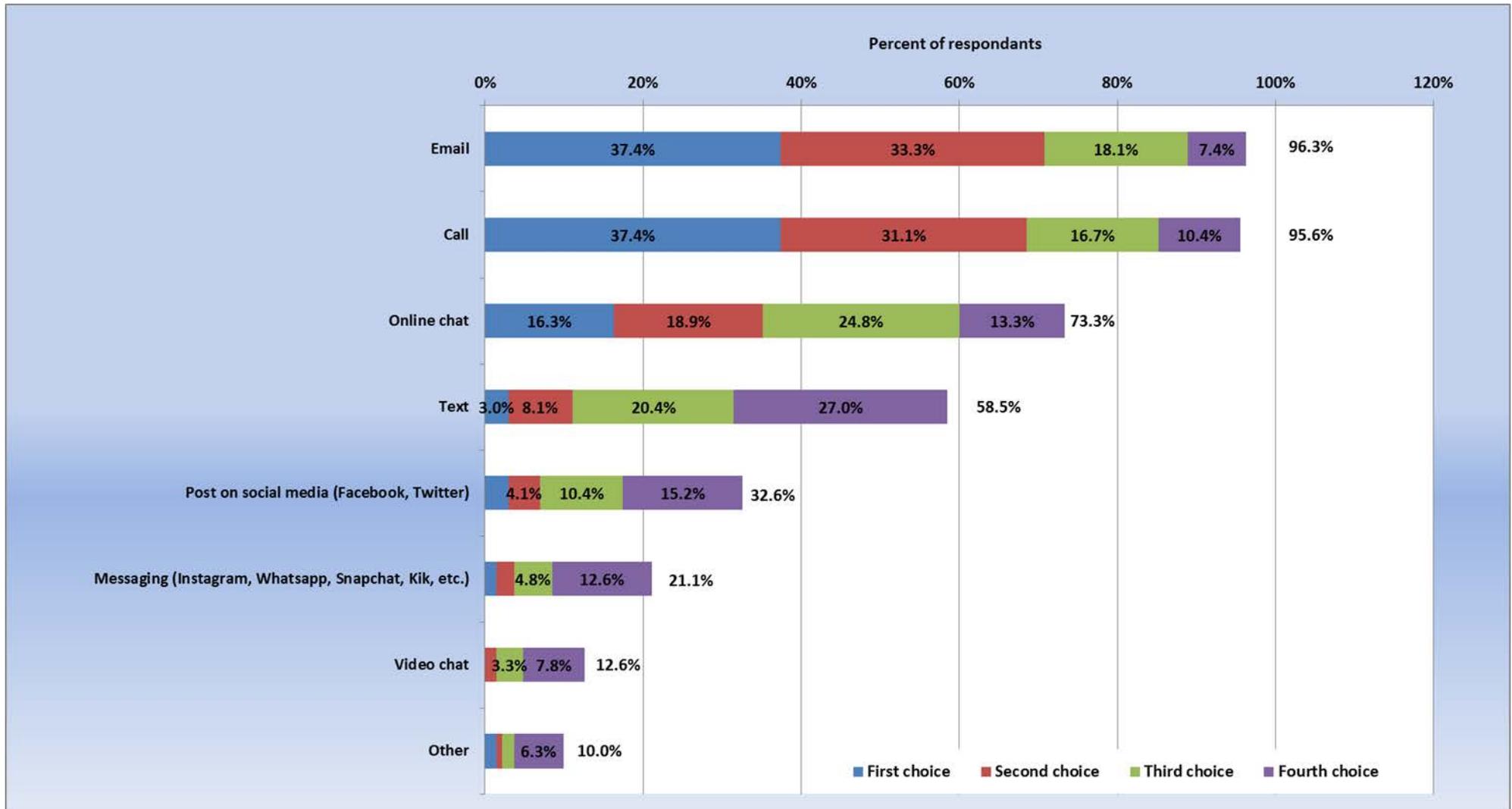
Participants were asked to prioritize and rank the top four ways in which they communicate with a business. The options provided were the most common communications channels used today: call, text/short message service (SMS), Email, online chat, video chat, messaging (Instagram, Whatsapp, Snapchat, Kik, etc.), post on social media (Facebook or Twitter), or other, which participants were invited to write in). Figure 2 shows that the favorite way for study participants to communicate with a business was almost equally split between calls and emails. Despite all of the claims in the market by chat and social media vendors that the phone is going away, these newer digital channels are not the preferred communication media for consumers of all ages.

96.3% of survey respondents selected email and 95.6% chose calling as their favorite ways to communicate with a business. Email and call tied for first choice, each coming in with 37.4% of respondents. Online chat was the third most preferred channel, with 16.3% of respondents indicating it as a first choice option, and 73.3% selecting it as one of their top 4. 58.5% of survey participants selected text as one of their preferred communication choices. Only 32.6% of respondents identified social media as one of their favorite approaches, and only 4.1% of the survey participants said that their first choice was to post on social media. Messaging via Instagram, Whatsapp, Snapchat, Kik, etc. received a total of 21.2% of the responses, and only 1.5% of respondents chose this as their first-choice communication channel. Video was the least preferred way for consumers to communicate with a business; it received a total of 12.6% of responses, and none ranked it as their first choice.

These findings are telling. The total number of respondents per channel is significant, as is the participants' first choices. Organizations that are trying to make it easy for their customers to do business with them should pay close attention to these results, as they make it clear what consumers want. While it's important for companies to anticipate and support a variety of channels, they should not lose sight of the preferred channels, which are email and phone.

The survey asked participants:

Figure 2: What's your favorite way to communicate with a business?
(Please select your top four choices, with 1 being your most preferred choice.)

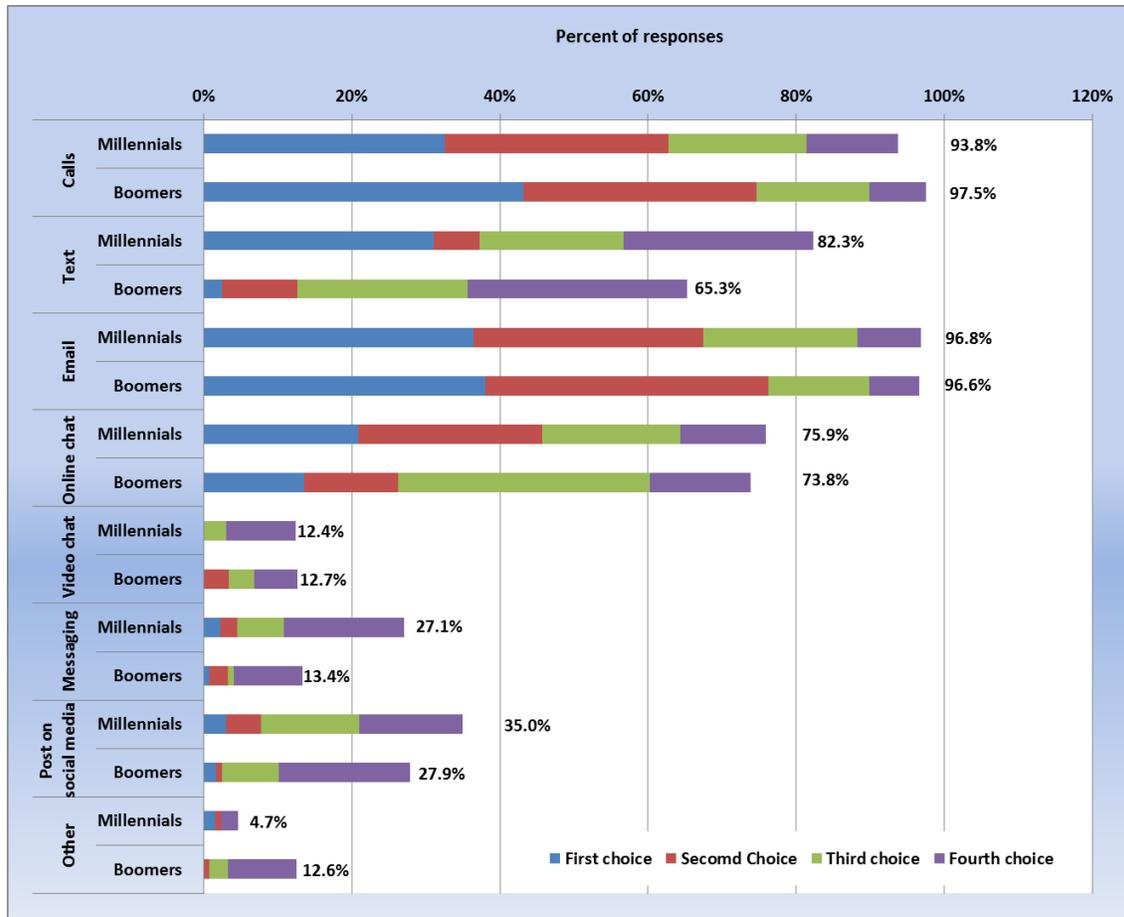


Source: DMG Consulting LLC, February 2017

DMG analyzed the data further to determine if there was a significant difference between the channel preferences of Millennials and Boomers when it comes to communicating with a business. The findings were striking because it was the opposite of what was expected, as seen in Figure 3. Millennials elect to call more often than Baby Boomers, although it is not generally their first choice. The results were close, but it is clear that Millennials are not abandoning the phone channel but instead are using it when it is convenient for them. Of equal interest, Boomers are electing to text more often than Millennials. When it comes to email, Millennials clearly favor email more than Boomers; however, Boomers are very active in this channel. There is a similar situation with online chat, but in reverse: Millennials are more likely to use this channel, but Baby Boomers are not far behind.

Figure 3 also shows a sharp drop-off when it comes to usage of the newer digital channels, video chat, messaging and posting on social media, for both Millennials and Boomers. The takeaway from these findings is that consumers use the channels that are most convenient and effective for taking care of their business, regardless of their age. The two top channels are email and phone, but as we will see later on in the study, when it comes to handling an important or challenging situation where a consumer wants an immediate resolution, the phone is the top choice.

Figure 3: Favorite Way to Communicate with a Business, Channel Preference by Generation

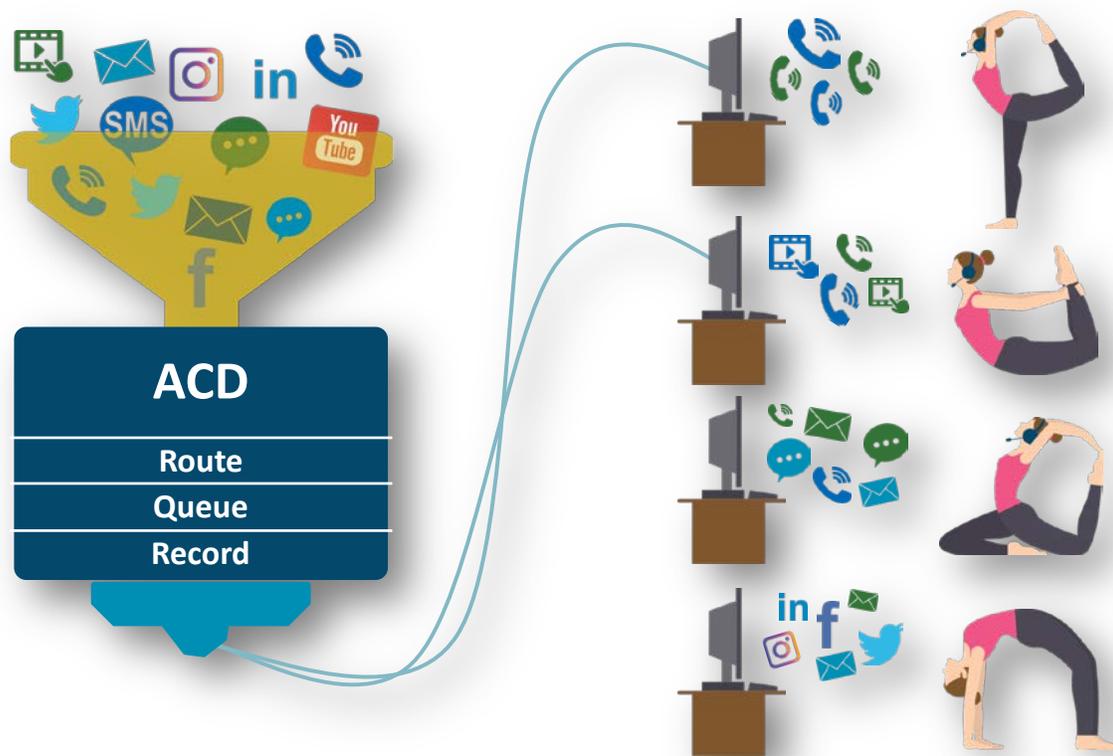


Source: DMG Consulting LLC, February 2017

Emails and calls are the top two ways in which consumers interact with businesses today, but new channels are emerging. Consumers selected calls and emails as their preferred way to communicate with a business, showing an equal preference, 37.4%. On a combined basis, the other digital channels (text, online chat, social media, messaging) were designated by 25.2% of consumers as their preferred way to reach out to a business.

While calls and emails are expected to remain the top communication channels in which consumers will interact with businesses for the foreseeable future, companies need to invest in their future by building omni-channel contact centers. These servicing and sales environments should be designed to make it easy for their customers to conduct business with them in their channel of choice. An omni-channel contact center must provide a consistent and outstanding experience in all forms of communication. See Figure 4.

Figure 4: The Omni-Channel Contact Center



Source: DMG Consulting LLC, February 2017

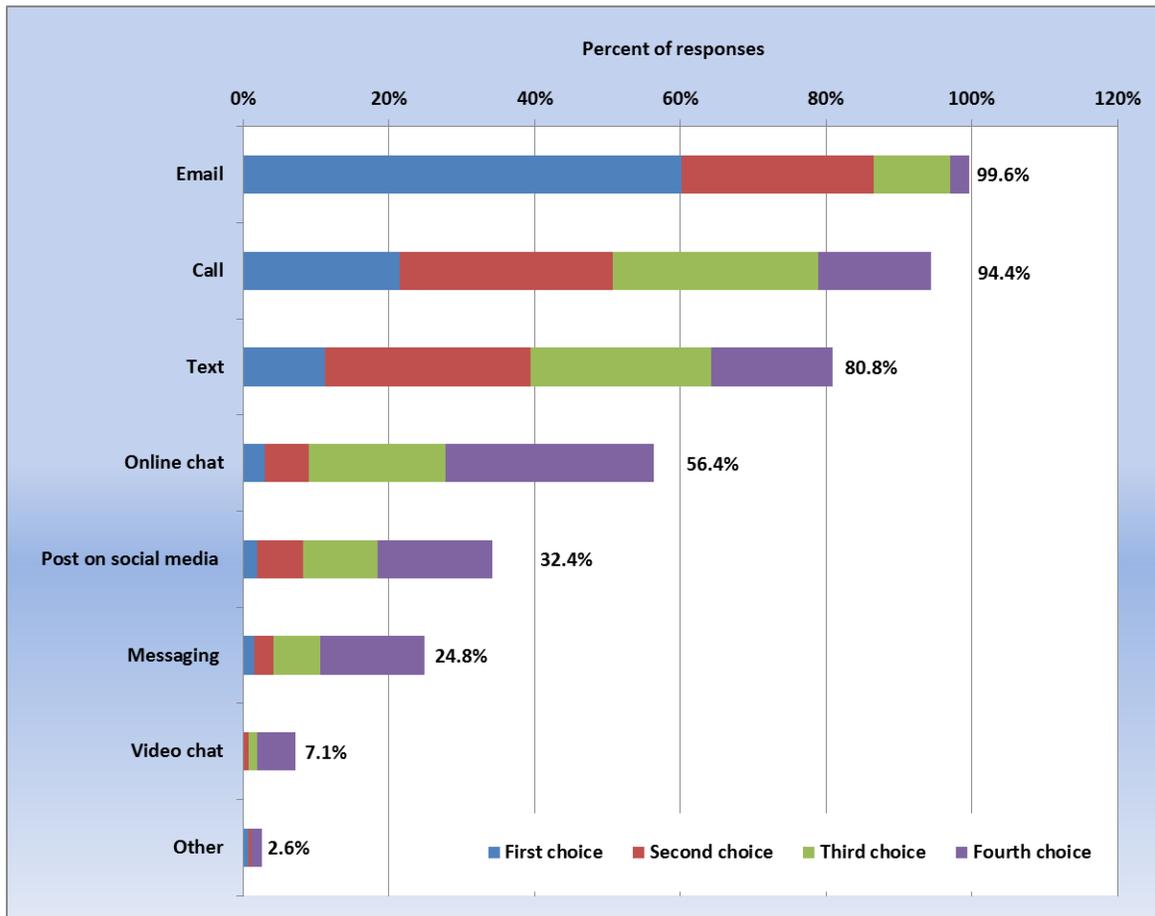
With regard to being contacted or outreach by a business, consumer channel preferences are the same as when they choose to reach out to an enterprise; the top three channels, in order of preference are email, calling and texting. However, when it comes to contacting a business, there was essentially a tie between email and phone, and for outreach by a business to a consumer, email has a clear edge. See Figure 5.

98.5% of consumers who participated in this survey answered the question in Figure 5. 99.6% of survey participants selected email and 94.4% chose calling as a preferred way for a business to contact them. But consumers' first choice for how a business contacts them reveals a greater contrast. 60.2% of customers choose email as their first choice vs. 21.4% who selected calls. Texting came in third with 11.3% of first-place responses. Online chat, social media and messaging were selected on a combined basis by 7.1% of survey respondents as their top choice for how a business should reach out to them. These digital channels are important and need to be supported, but are far from replacing emails and calls.

Where the consumer starts a conversation influences their channel preferences. 56.4% of the survey participants want to be able to chat with a company while they are on their website. 34.2% of the respondents want a company to communicate with them via social media posts, and 24.8% of the participants want their business providers to use a messaging app like Instagram, WhatsApp, Snapchat or Kik. 7.1% of respondents selected video chat, and 2.6% picked other, which was a mixed bag of options.

The survey asked participants:

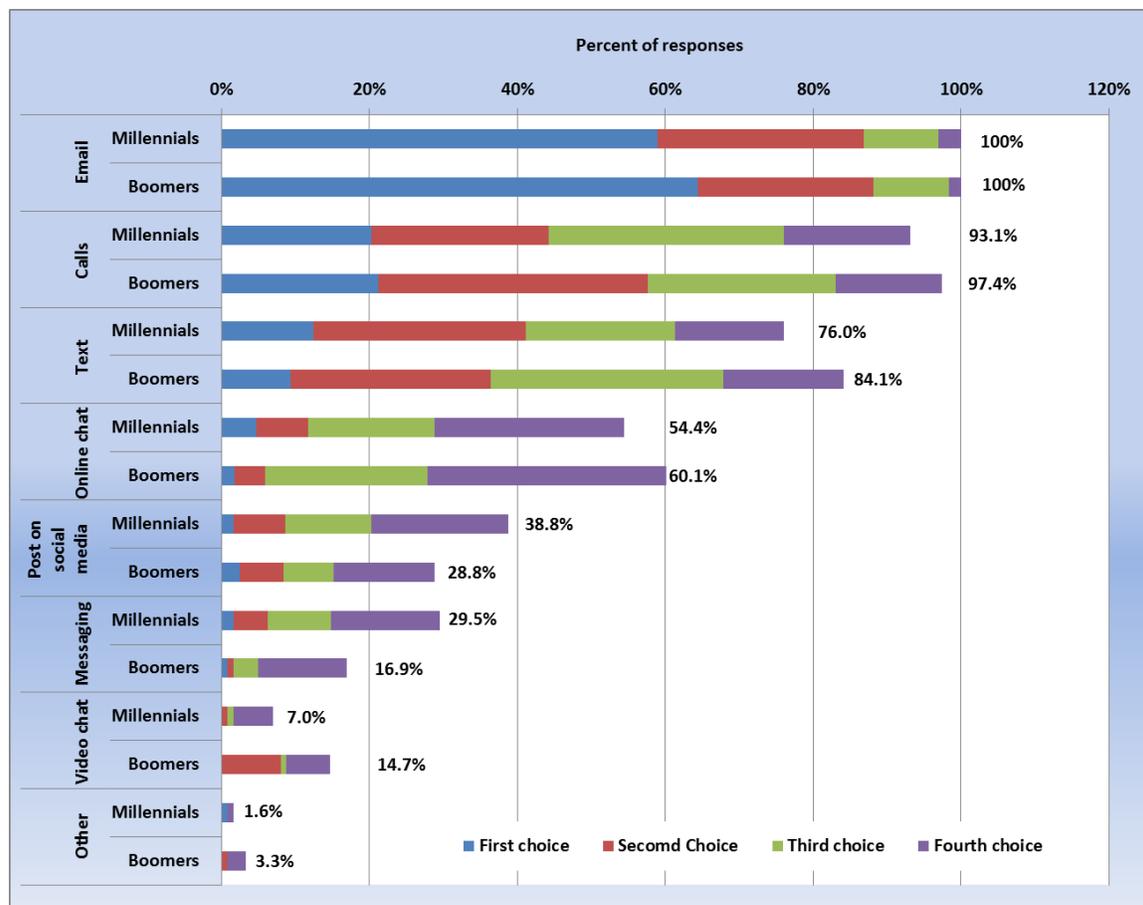
Figure 5: What’s your favorite way for a business to contact you?
(Please select your top four choices, with 1 being your most preferred choice.)



Source: DMG Consulting LLC, February 2017

DMG analyzed this data further to determine if there are significant differences in the ways that Baby Boomers and Millennials want a business to reach out to them. Figure 6 shows there are more similarities than differences in consumer channel preferences for being contacted by a business, but there are some surprises. When DMG combined company outreach communication preferences of Millennials and Boomers in the benchmark study, it turns out that the younger generation skewed more towards calls, emails, online chat, messaging and social media posts. Boomers showed a relative preference for texting.

Figure 6: Consumer Preferences for How a Business Contacts Them, Channel Preference by Generation



Source: DMG Consulting LLC, February 2017

To appreciate the importance of a communication channel for business, it's necessary to understand the reasons why people use it. Based on the findings of this benchmark study, consumers prefer to call a business when they need to resolve an issue, explain a situation or have a conversation with someone to get advice. See Figure 7.

252 of the survey respondents, 93.3%, responded to this question, underscoring their use of the phone to interact with a business. 82.9% of respondents indicated that calling is the quickest way to resolve an issue. A similar number of survey participants indicated that they call because it is the easiest way to explain or describe a situation. 52.4% of survey participants pointed out that a phone call allows them to have a two-way conversation with someone. And 41.7% of respondents call when they need to get advice from a business. Calling remains a highly dependable and critical channel of communications for businesses. It’s the “go to” channel when consumers really need help and, therefore, it is a must-have for businesses. Consumers clearly use email and texting, but when there is a serious issue that requires advice, consultation or immediate resolution, they call. This is a trend that DMG expects to see for the foreseeable future, as talking remains the most ubiquitous form of communication for most consumers around the world.

The survey asked participants:

Figure 7: What are the benefits of calling a business?
(Please select all that apply)

Answer Options	Response Percent	Response Count
It’s the quickest way to resolve an issue	82.9%	209
I can easily explain/describe the situation	82.9%	209
I can have a conversation with someone	52.4%	132
I can get advice	41.7%	105
Other (please specify)	1.2%	3
Answered question		252

Source: DMG Consulting LLC, February 2017

DMG's Leader Profile

Consumer Communication Channel Preferences

Companies around the world, particularly in the developed nations, want to know the most effective ways of communicating with their customers. The findings in this benchmark study indicate that email, phone and texting are the three must-have channels for inbound and outbound communication with consumers. But this is only part of the story, which is why it's difficult for companies to address this issue. This study also finds that consumers' channel preferences change based on their needs. When there is a serious issue that requires a two-way conversation, where a consumer needs to explain a situation, requires an immediate or timely response or is looking for advice, they are going to pick up a phone and call.

While the phone is a necessary communications channel for businesses, there are many customer interactions that do not require a call. When it comes to buying over the Internet, consumers prefer to do their research and place their orders online. Email is a preferred channel for general correspondence, which is why it is ranked #1 by consumers for both inbound and outbound communications. As is the case with all channels, there are pros and cons to using email as a primary mode of interacting with consumers. The primary concern with emails is that there is no guarantee that the communication reached its target audience and was read by the right person. (There are return receipts, but this doesn't prove that an email was read by the intended recipient.)

Texting is proving to be an increasingly favored channel of Boomers and Millennials alike, for certain types of interactions. Texting is an effective channel for interacting with consumers, as long as the target audience keeps their mobile device close at hand. Texting is a highly effective way of sending out alerts, which is why it is frequently used for status updates on package deliveries or flight information, for example. However, it is not a good idea for a business to send a text to a driver, as it could cause them to take their eyes off the road, unless the phone is enabled with a text-to-speech option. Texting is also not allowed for marketing purposes in many countries, even if there are many companies who do not abide by these regulations. DMG expects the popularity of texting to continue to grow for short and easy-to-handle interactions, but does not expect this channel to replace the phone as a way to address complex situations that require a conversation.

Companies should also invest in other digital channels, based on the needs of their consumers. For online retailers and other organizations where a large percentage of their customers interact with them via their online presence, chat is a necessity.

However, it's also important for a consumer to be able to transition from an online chat to a conversation with a live agent, which is why WebRTC is an increasingly important technology.

Video chat is an emerging channel for service and sales opportunities, although video technology has been used by companies for internal company meetings for 20+ years. Companies that want to provide an intimate setting for their customers to discuss sensitive or high-value issues with a live agent are building video centers. Financial services organizations are some of the earlier adopters, using video as a tool to enable them to deliver an outstanding and highly personalized customer experience, but this channel has great potential for many other private and public institutions. The primary challenges with video are the availability of bandwidth, finding the right agents, and the need to build sound-proof environments for these discussions.

Social media cannot be ignored, as many companies have learned the hard way when a customer issue went "viral." It's also important to point out that this happens infrequently these days, as consumers are becoming inured to the "noise" in social networks. However, companies should avoid the potential ramifications of an issue going viral by building a social customer care function that works together with marketing to handle responses to social media requests on a timely basis. The primary social media channels used by businesses today are Facebook and Twitter, but many companies are also using messaging apps to receive and respond to customer interactions. The more innovative companies are using many of the social media channels to build and enhance their brand, a trend that is going to pick up momentum.

Transitioning to a Leadership Position in Consumer Communication Channels

Consumers are going to interact with businesses in their channel of choice, and it's up to every company to keep up with changing times and their customer's preferences. For this reason, companies need to build omni-channel contact center and servicing environments. These multi-channel environments should handle calls, emails and texts, as well as have a team (or even one person who dedicates a small percent of their day to this channel) to handle social media. Businesses will need to add support for additional channels over time, but phone calls are going to remain a foundational support channel, as talking is still the easiest way for most consumers to address sensitive and challenging situations.

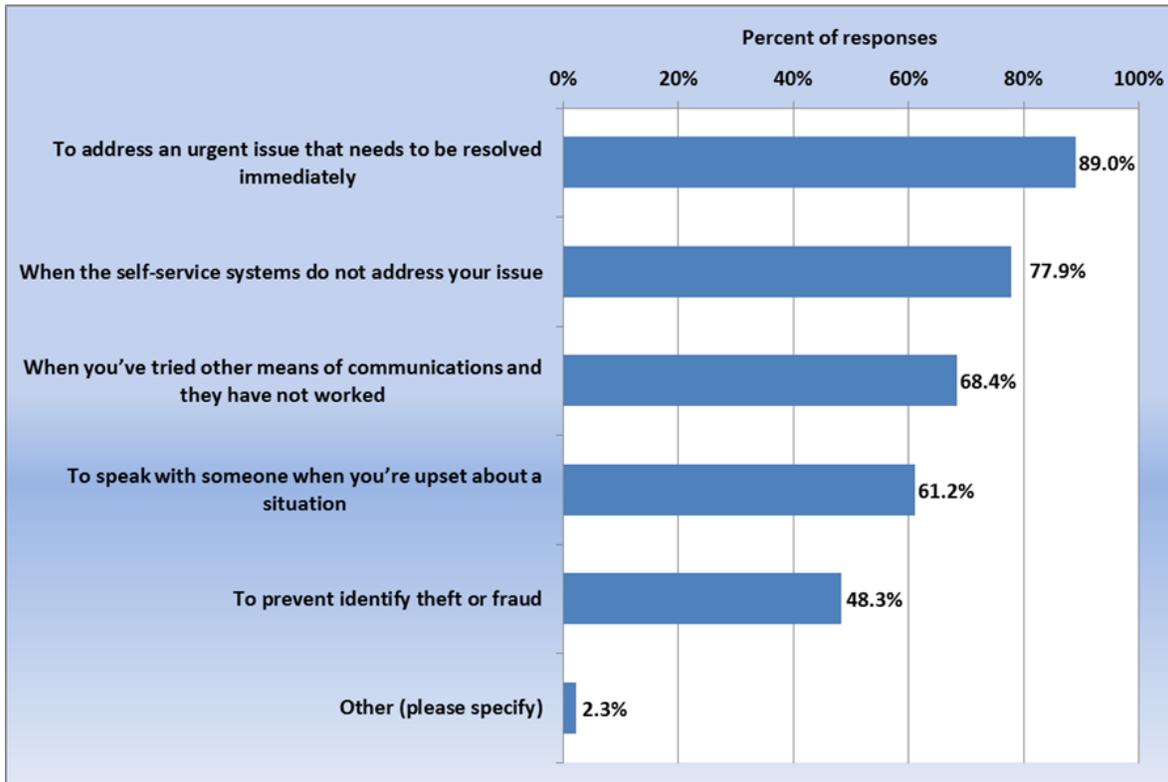
ii. Call Drivers for Consumers

The purpose of this benchmark study was to understand the reasons why consumers call a company, in order to determine if calls are going to remain a primary communication channel for servicing organizations. The findings indicate that many customers prefer to use a self-service solution and call only if the automated process does not work and or fails to address their needs. The study also found that when someone has a serious or time-sensitive issue, they call right away. The benchmark results indicate that companies should invest to improve and enrich the capabilities of their self-service solutions, as these automated systems, specifically websites, interactive voice response (IVR) systems, and the emerging generation of intelligent virtual agents (IVAs) are more cost-effective than live agents. However, companies still need to provide live agent support, particularly over the phone, for situations where a self-service solution cannot address a customer's needs or when there is a serious and time-sensitive situation where the human element and empathy are required.

Figure 8 captured the top five reasons why consumers call enterprises; some of the underlying drivers are a preference for a personal touch and the failure of the self-service solution or another channel. Consistent with other survey findings, 89% of respondents indicated that they call a company to address an urgent issue that needs to be resolved immediately. 77.9% of the survey participants indicated that they call only when the self-service systems are not adequate and do not address their issue. 68.4% of the consumers who participated in this study indicated that they call an organization when other means of communicating with the company did not work. 61.2% of survey respondents call to speak with a live agent when they are upset about a situation. And 48.3% of study participants call to prevent identify theft or fraud.

The survey asked participants:

Figure 8: Why would you call a company?
(Please select all that apply)

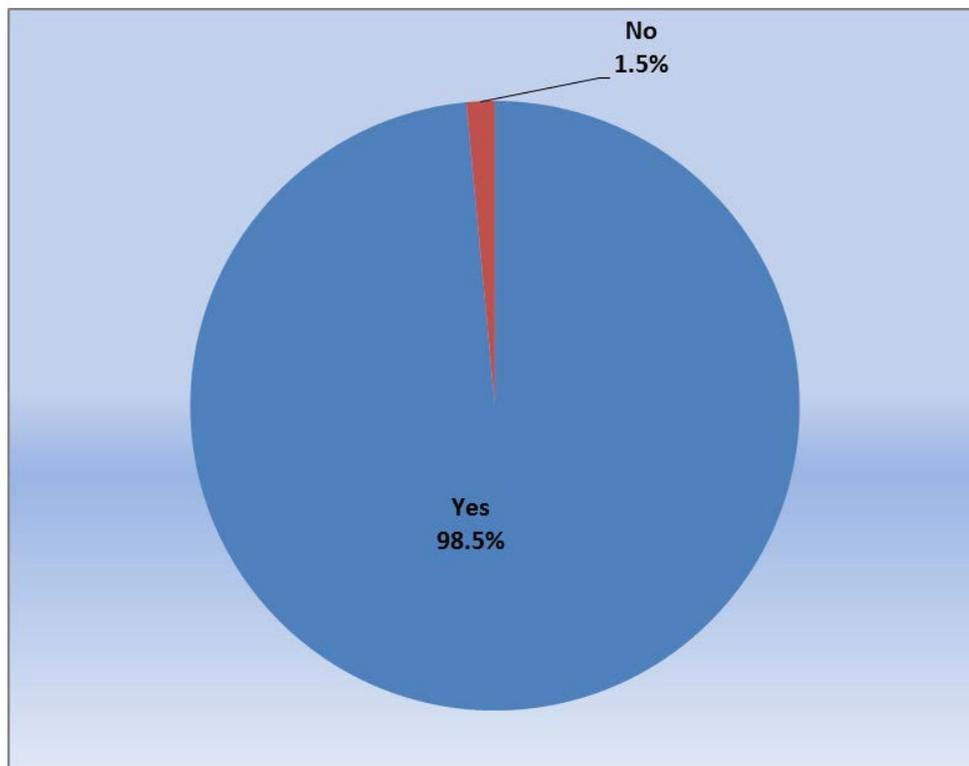


Source: DMG Consulting LLC, February 2017

Consumers in need of an immediate answer call a business for help. Figure 9 makes this blatantly clear. When survey participants were asked if they would call about a serious or time-sensitive issue that needs immediate attention, 98.5% of them indicated that they would. See Figure 9.

The survey asked participants:

Figure 9: If you have a serious or time sensitive issue that needs immediate attention, will you call to get it resolved?



Source: DMG Consulting LLC, February 2017

Figures 8 and 9 identify the circumstances that drive consumers to call an organization. However, the study also assessed how patient consumers are and what methods of communication they would try before placing a call. The study asked respondents how many times they would try to contact a company before they called. 265 (98.1%) of the survey respondents answered this question, and only 1 (0.4% of survey participants) indicated that they'd try to contact a company by other means 5 or more times before calling. Because the methodology for this benchmark study used a web-based survey tool, the results are biased towards consumers who are comfortable with digital

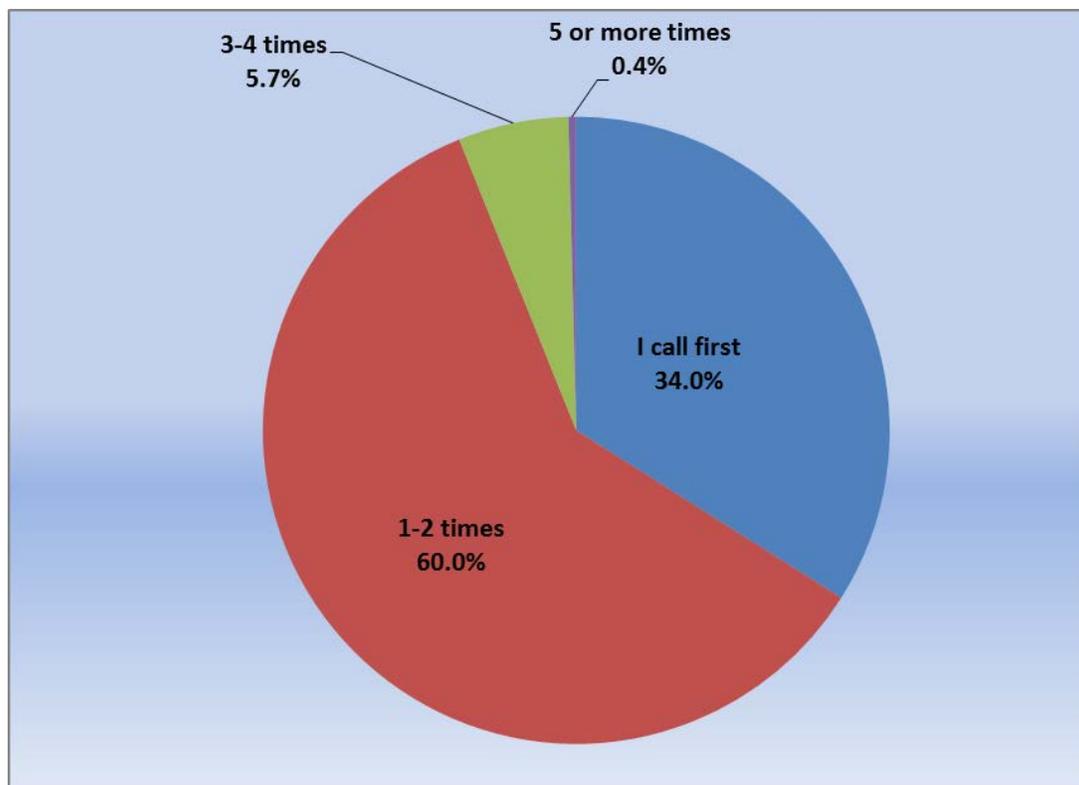
channels. Despite this bias, the study shows that almost all consumers will call when there is a need. This means that the general population of consumers likely has a higher propensity to call and will call sooner than the respondents in this study.

34% of the survey respondents indicated that they would call the first time. 60% of respondents reflected that they would either try a self-service solution or another channel 1 – 2 times before calling. 5.7% of survey participants were more patient, and responded that they would try 3 – 4 different approaches or channels before calling.

The results confirm the need for all businesses to provide phone support for their customers, as more than a third of consumers call right away without trying anything else, and another 60% will make 1 or 2 attempts before picking up the phone. The phone may not be a “sexy” or new channel, but it is perceived by consumers to be the most dependable channel in which to receive assistance.

The survey asked participants:

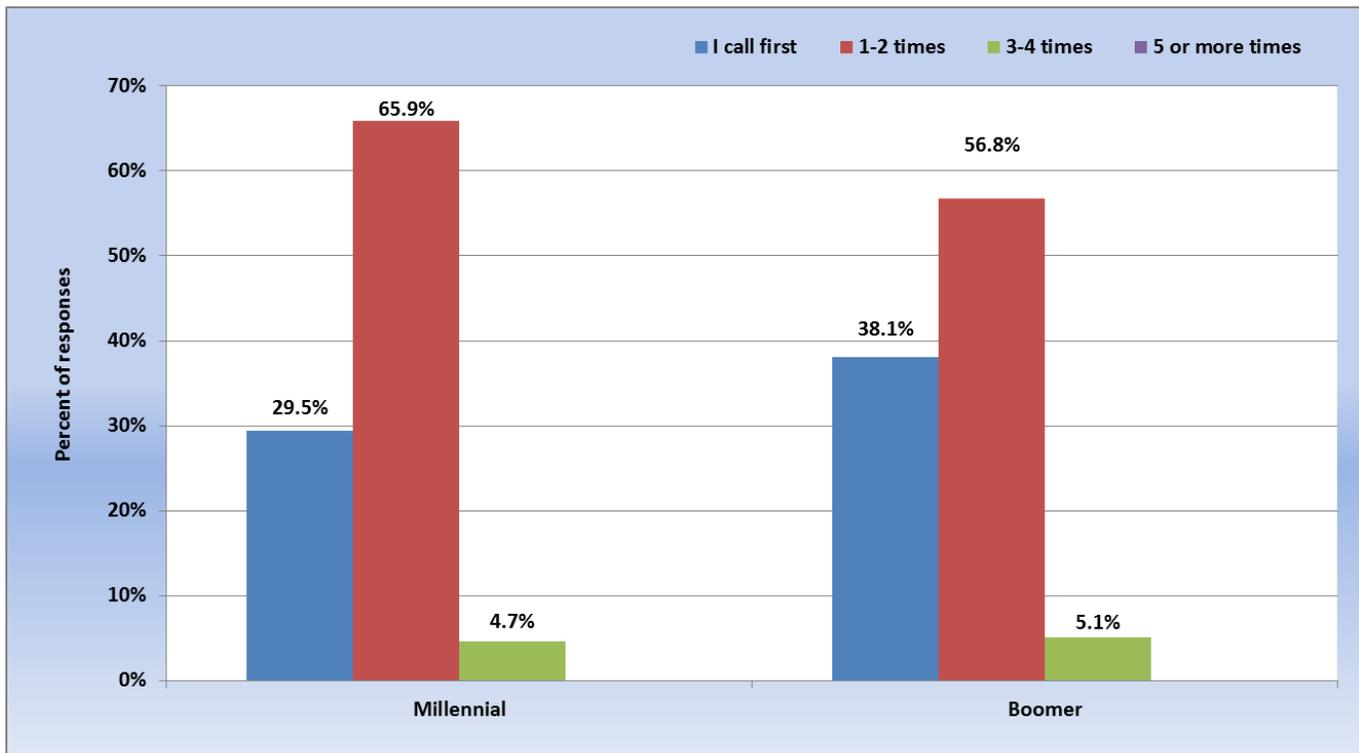
Figure 10: How many times do you try to contact a company before you call them?



Source: DMG Consulting LLC, February 2017

In order to determine if there was a generational influence on the number of times a consumer would try to contact a company before calling, DMG analyzed the results to this question by breaking down the responses for Boomers and Millennials. As reflected above, overall 34% of respondents indicated that they would pick up a phone and call the first time they needed help. Boomers are more likely to call right away than Millennials; 38.1% of Boomers call the first time, while only 29.5% of Millennials take this approach. However, Millennials are quicker to call in the second segment of the chart, where 65.9% of “digital natives” indicated that they would call for help after trying a different method of resolving an issue 1 – 2 times, vs. 56.8% for Boomers. In the third segment of this chart, where consumers were willing to try to resolve an issue 3 – 4 times before calling, the results were very similar for Millennials and Boomers. The chart does not show results for the category where consumers make more than 5 attempts to resolve an issue before calling, because with a total of one respondent in this category, the results are not significant.

Figure 11: Frequency of Contacting a Company before Calling, by Generation



Source: DMG Consulting LLC, February 2017

DMG's Leader Profile

Call Drivers for Consumers

There are many best practices for reducing the volume of calls, but few companies apply them on a consistent basis. The number-one best practice is for a business to do everything right the first time so that there are no repeat-call drivers, but this is not realistic, as what works for one consumer may not be right for another. The second most important best practice for reducing or deflecting calls is for a company to fully resolve or address each customer's issue during the first contact, regardless of the channel in which the consumer elects to interact. While many companies have first contact resolution (FCR) goals, most are farther than they think from achieving optimal results, which is to resolve 90% to 96% of inquiries on the first contact, because it is difficult to calculate this key performance indicator accurately.

A third best practice is for companies to use a continuous improvement process to enhance the performance of their self-service solutions. While even small improvements of 1% to 2% in the utilization of a self-service application are likely to pay for themselves quickly, few companies apply the necessary rigor in evaluating and enhancing the performance of these solutions on a continuous basis. Many companies let years pass between updates to their IVR solutions, and not enough attention is paid to enhancing and expanding the self-service capabilities of many websites. (Best practices for IVAs are just emerging along with these solutions.)

Transitioning to Becoming a Leader in Handling Call Drivers

The findings of this study provide a roadmap for success for enterprises. Companies should invest in their self-service channels and make sure that they are highly effective in satisfying consumers. They should also support consumers in a variety of servicing channels. However, even the best self-service solution has limitations, which is why companies need outstanding and fully trained and engaged employees to handle and resolve all customer issues during the first contact. To ensure consistency in service delivery, enterprises must establish omni-channel contact centers that enable their staff to provide a consistently excellent experience, regardless of the channel in which consumers choose to interact.

iii. Consumer Channel Preference by Business Situation

This benchmark study analyzed the communication preferences of consumers by business situation to identify interaction patterns. To provide contrast, the study identified the channels survey participants were using when talking to friends, family or business associates, and when taking care of personal matters. The study found that in choosing a communication channel, the age of the consumer was less important than the business situation; specifically, Millennials were not necessarily less likely to call than Boomers, and there are even situations when digital natives are more likely to use a phone. The findings about business situations identified the following trends:

1. When a consumer needs to address a sensitive issue, they want to call and speak to a live agent.
2. When a consumer has a question about their finances or health insurance, they prefer to call and speak to a live agent.
3. When consumers have a medical question, they prefer to call and speak directly to the healthcare professional.
4. When a consumer is unhappy about a product or service, they prefer to email; however, if that doesn't work, they will call to speak to an agent.
5. When a consumer wants to book a trip, they'll likely use a website to make a reservation and will use email to ask questions. However, if they need to communicate with an airline about a time-sensitive or complicated issue, they will call to speak to a live agent.
6. When a consumer has a question about their student loan, they prefer to send an email.
7. When a consumer needs to interact with their gas or electric company, they are most likely to call.
8. When a consumer has a technical question, they prefer to call and speak to an agent.
9. When a person wants to speak to their parents, they will call, but they will text siblings and friends.
10. When a person wants to interact with a co-worker, they will email.
11. When a person wants to make a restaurant reservation, they will call.
12. When a consumer wants to buy something, they will do online research and prefer to place their order via a website.

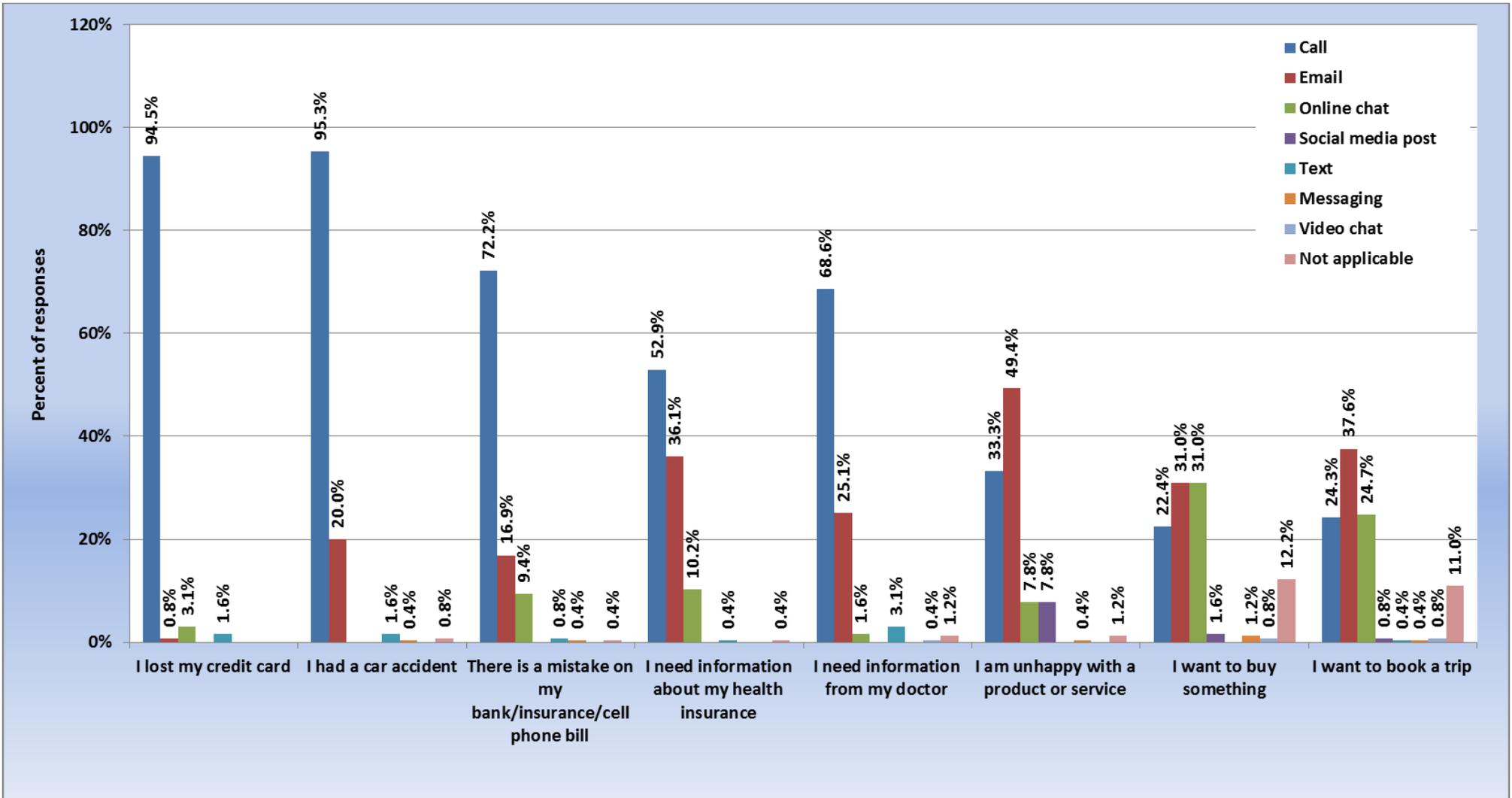
This benchmark study shows that consumers change channels based on the situation. Consumers are highly likely to call when addressing an issue that is important to them. They will use email to avoid confrontations and when they are not in a rush to receive an answer. They will also use online chat when doing research or when shopping on a website and have a question. They will call their parents, but prefer to text with siblings and friends. And, they most often use email when communicating with a co-worker.

When asked to identify their preferred way to communicate with a business in 8 common business situations, 94.4% of survey participants (255 respondents) responded. Overwhelmingly, the first choice was to call in 5 of the 8 business situations; email was preferred in two situations, and email and online chat tied for top honors in one scenario. The preferred channel of communication for each of the 8 business scenarios is reflected below:

1. I lost my credit card: 94.5% indicated that they would call.
2. I had a car accident: 95.3% indicated that they would call.
3. There is a mistake on my bank, insurance or cell phone bill: 72.2% indicated that they would call.
4. I need information about my health insurance: 52.9% indicated that they would call.
5. I need information from my doctor: 68.6% indicated that they would call.
6. I am unhappy with a product or service: 49.4% said they would email.
7. I want to buy something: there was a tie between email and online chat where 31% of consumers selected each of these categories.
8. I want to book a trip: 37.6% indicated that they would email.

The survey asked participants:

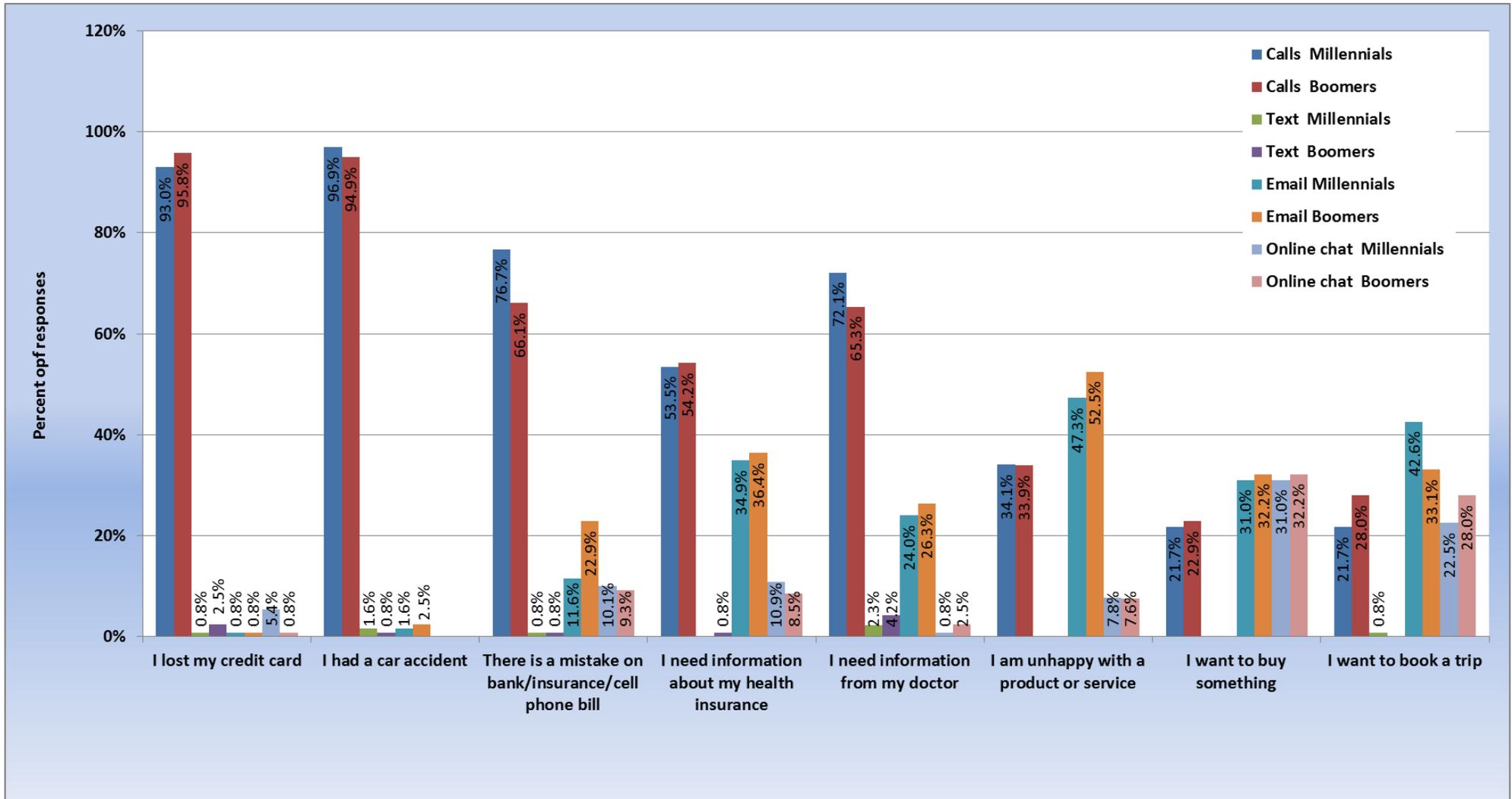
Figure 12: What is your preferred way to communicate in each of the following situations: (This question requires an answer in each row.)



DMG Consulting LLC, February 2017

DMG drilled into the data to determine if there was a significant difference between how Millennials and Boomers handled these 8 common business situations. Figure 13 shows that Millennials and Boomers reacted in a similar manner in most of these business situations; in 4 of the situations Millennials were more likely to call, and in the other 4 Boomers were more likely to call. Boomers were more likely to send an email than a Millennial, and Millennials were slightly more likely to use online chat than Boomers; this is particularly the case when it comes to notifying a business about a lost credit card.

Figure 13: Consumer Communication Preferences for 8 Common Business Situations, by Generation



Source: DMG Consulting LLC, February 2017

When the survey participants were asked how they prefer to communicate with 7 of the more common types of businesses with which they typically interact, 93.7% responded to the question. With the exception of communicating with student loan providers, consumers generally prefer to call to interact with other types of businesses. When an issue is important, sensitive or needs to be resolved immediately, consumers want to talk to someone. Consumers use email when there is a need to send documentation and when interacting with their student loan provider.

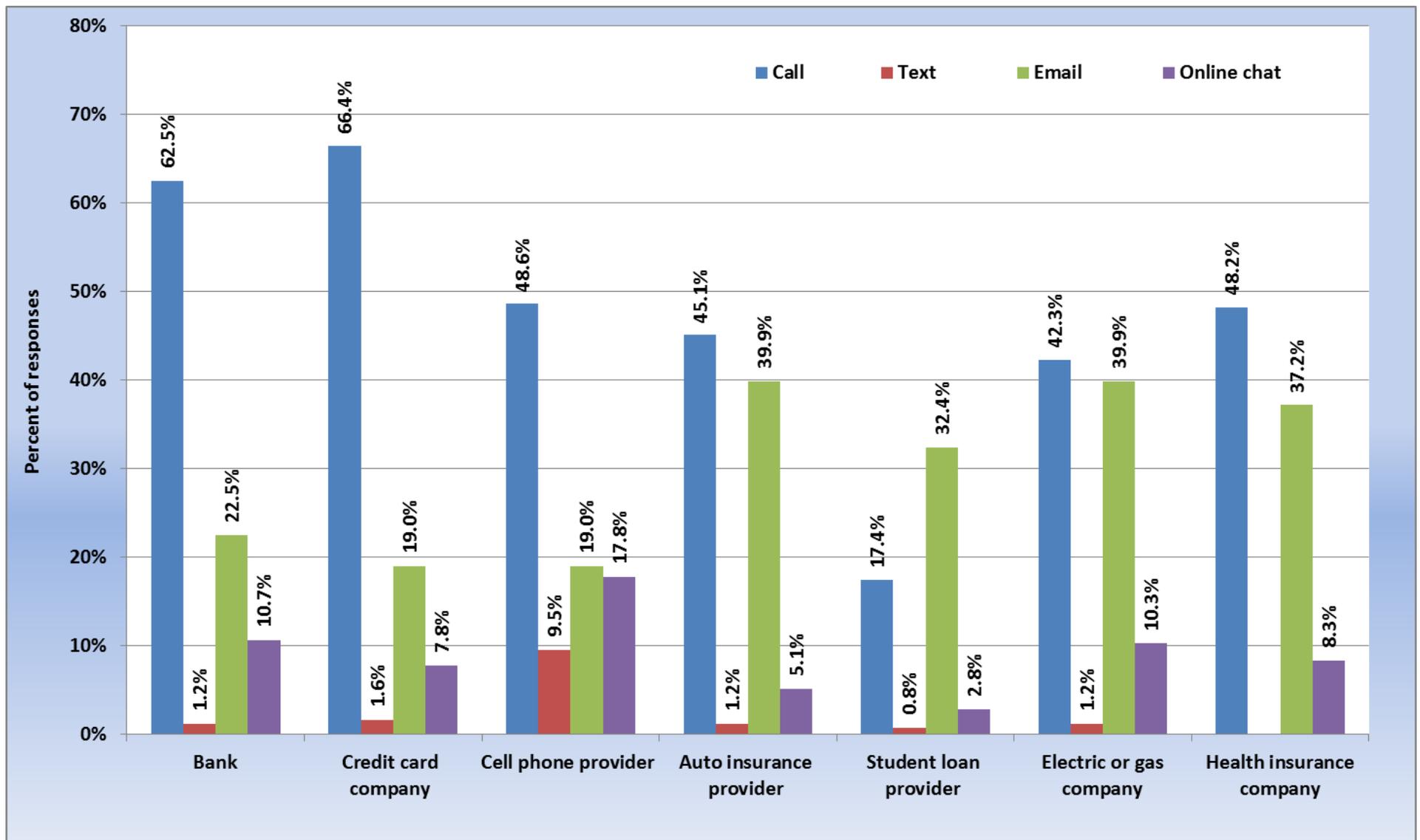
The third most preferred channel for dealing with common businesses is online chat, reflecting the growing use of web self-service. When consumers are on websites, they prefer to stay on the site, which is why they chat, but they will pick up the phone when necessary.

It's also interesting to see which channels are not frequently used. Texting is not preferred when interacting with these common businesses, except with cell phone providers. This is likely due to lack of support for texting by many of these enterprises. Messaging apps are almost never used to interact with these businesses, and video chat is even less common. Video is an emerging channel that is just starting to be used to deliver an intimate customer experience. DMG expects to see substantially more use of video in the next five years to enhance the customer experience.

The most striking result was the highly limited use of social media. Three of the 253 respondents, 1.2%, indicated that they were using social media, and all three were doing so to interact with their cell phone provider. Social media is an effective way to catch the attention of a business, although most consumers appreciate that they should not use it to share personal information. See Figure 14, which shows activity only for the top 4 channels.

The survey asked participants:

Figure 14: What is your preferred way to contact your:
(This question requires an answer in each row.)



Source: DMG Consulting LLC, February 2017

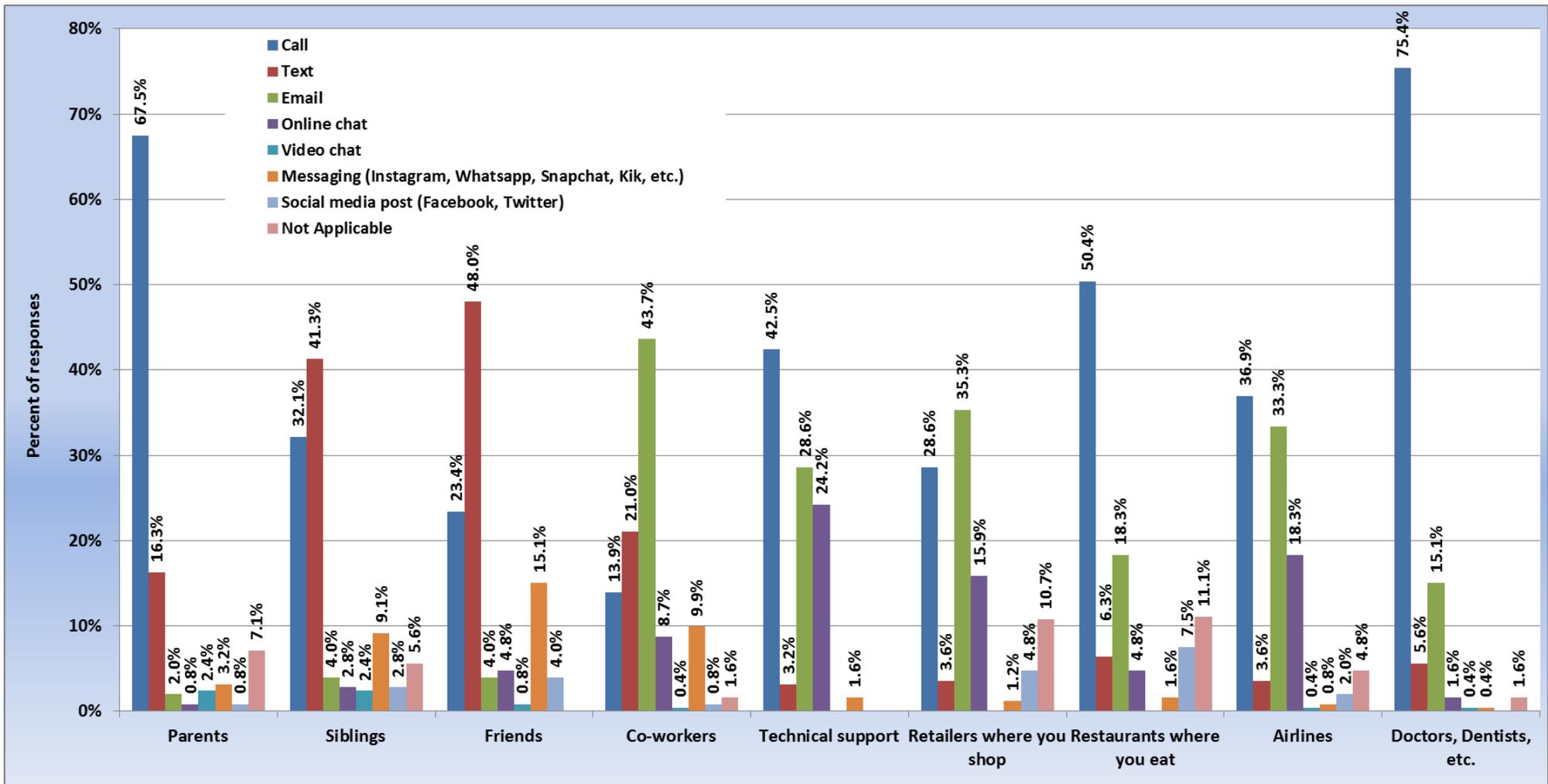
DMG thought it would be useful to find out how consumers communicate with their friends and family to see if it differed from the way they handle business situations. As expected, the preferred channel for communicating with siblings and friends is texting, but most of the respondents, 67.5%, interact with their parents by phone. The only business situation more skewed towards calls is when the survey participants speak with their doctor; 75.4% of survey respondents use the phone and 15.1% use email.

When asked for their preferred way to communicate with a restaurant, half of the respondents, 50.4%, said they called; 7.5% said they use social media posts, which is likely for sharing feedback about the restaurant. 18.3% of the participants said they email restaurants, 6.3% prefer to text, 4.8% use online chat, and 1.6% use messaging. It appears as though restaurants are among the more channel-friendly businesses.

How consumers communicate with the retailers where they shop is one of the more digital-oriented responses in the benchmark survey. Consumers prefer to email, when given a choice and when they can expect to receive a response. If email doesn't work, they call. And if they are online when they need to get an answer from a retailer, they use online chat.

The survey asked participants:

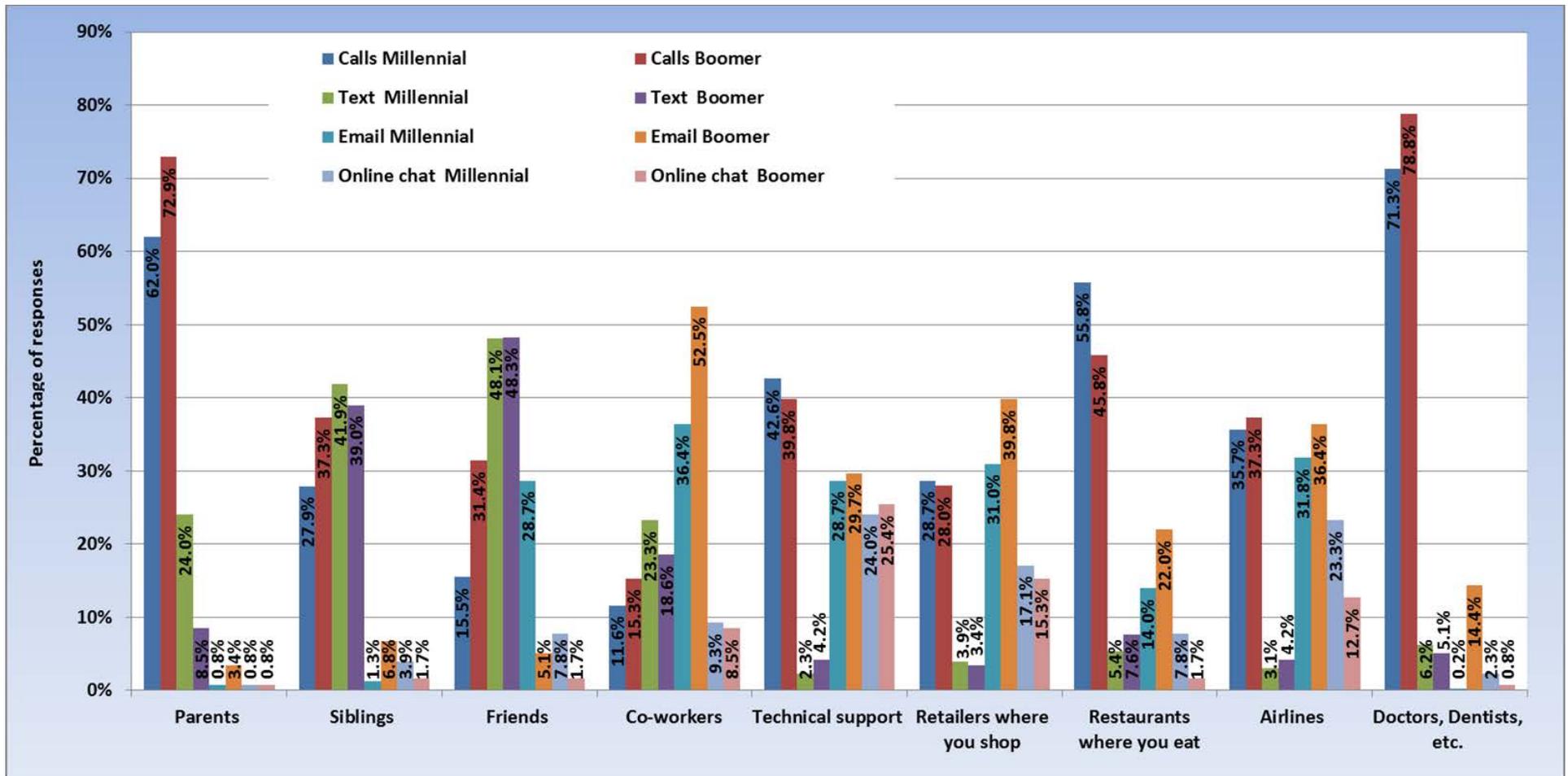
Figure 15: What is your preferred way to communicate with:



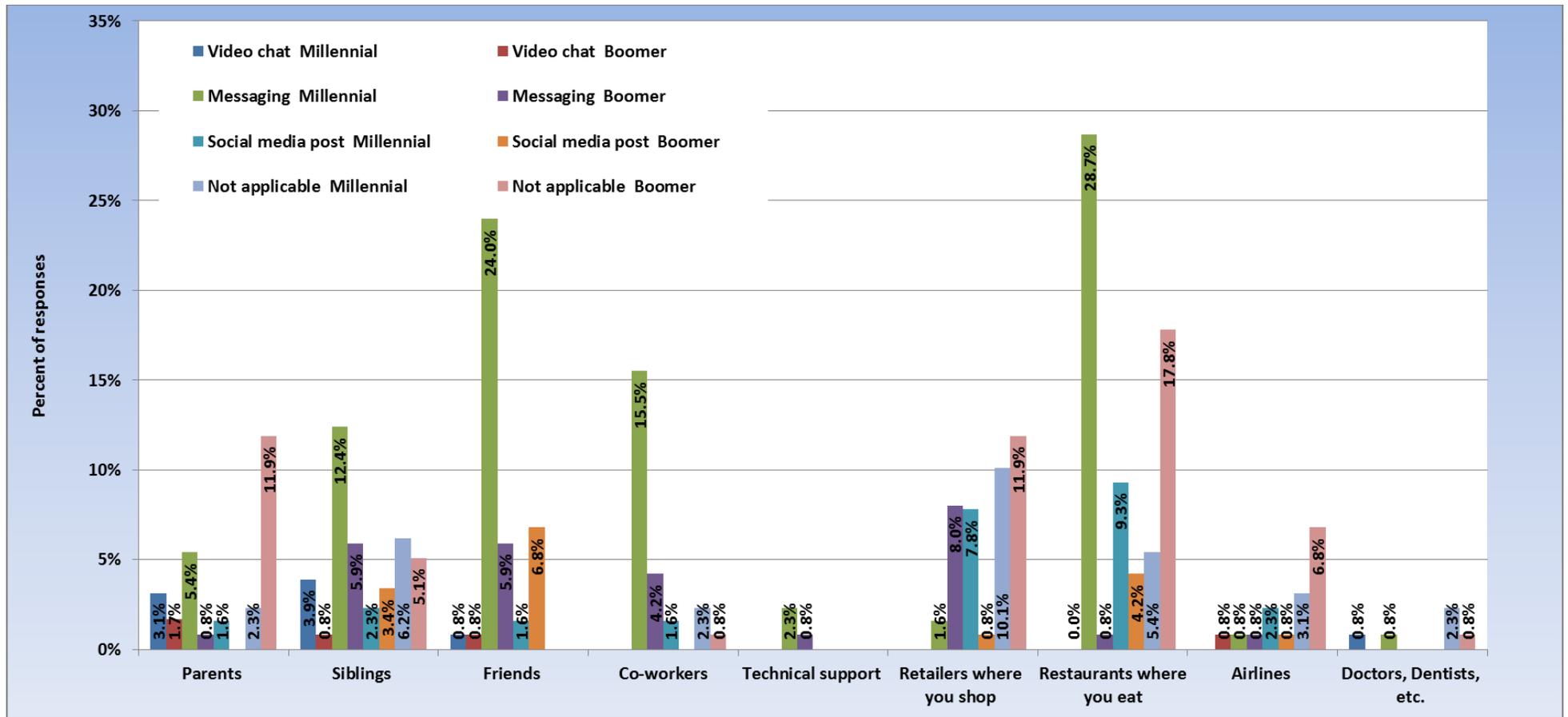
Source: DMG Consulting LLC, February 2017

DMG analyzed this data further to see if age made a difference in how survey participants handled their personal affairs. Figures 16A and B show that age is not as significant a factor as one might think. DMG believes that consumer behavior is shifting on a worldwide basis, and the difference in how Millennials and Boomers communicate is narrowing. The findings throughout this benchmark study show that there are situations where Millennials are more likely to call than Boomers. DMG suspects this is because Millennials are less accepting of poor or limited service than Boomers, and if something doesn't work the first time, such as getting a timely response in a digital channel, they will call.

Figures 16A and 16B: Preferred Ways of Communicating with Friends, Family and other Personal Situations, by Generation



Source: DMG Consulting LLC, February 2017



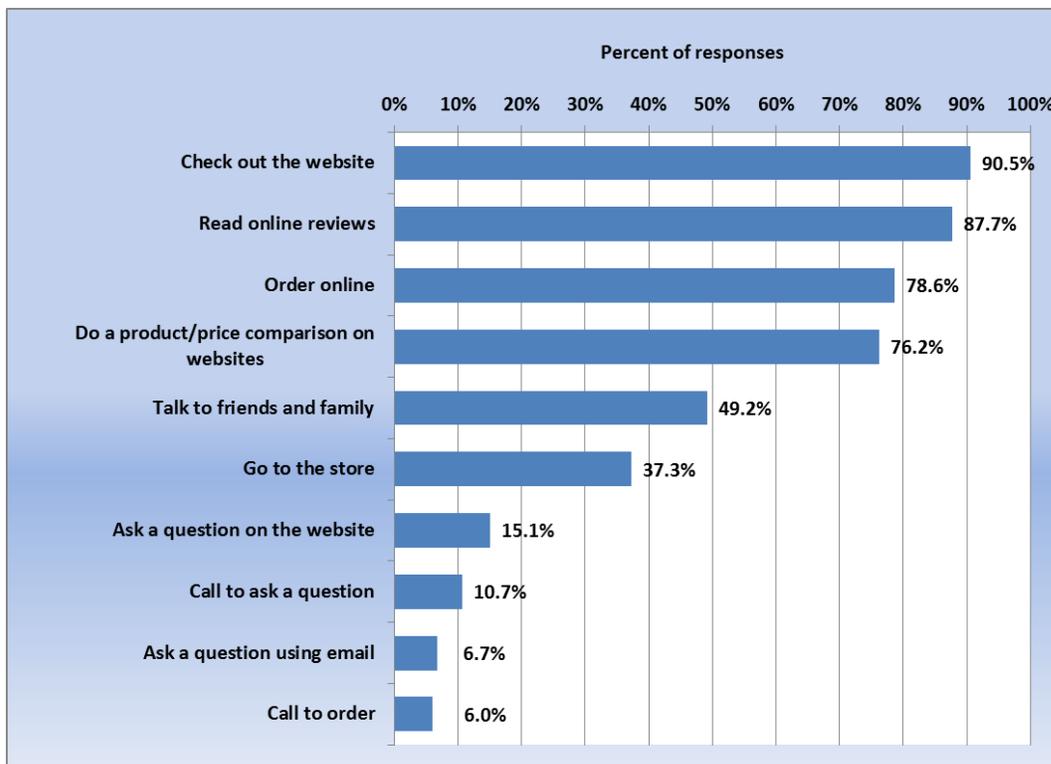
Source: DMG Consulting LLC, February 2017

Consumer channel preferences for sales situations are different than for service. The vast majority of consumers of all ages begin their shopping journey online; 90.5% of respondents check out a company’s website, 87.7% read the online reviews, 76.2% do a product/price comparison on a website, and 15.1% ask a question on the website. After conducting their online research, 78.6% of survey respondents order online, while only 37.3% go to the store to make their purchase.

When shopping, the preference of study participants is to start and complete the shopping experience online. Only 6% of consumers who answered this question indicated that they would call to place their order. For customer inquiries, as noted above, 15.1% of respondents will ask a question on the website, while 6.7% will send an email and 10.7% will call. An effective online presence with feature-rich and easy-to-use self-help capabilities is critical for the success of retailers. When shopping online, consumers appear to call only when there is no better option.

The survey asked participants:

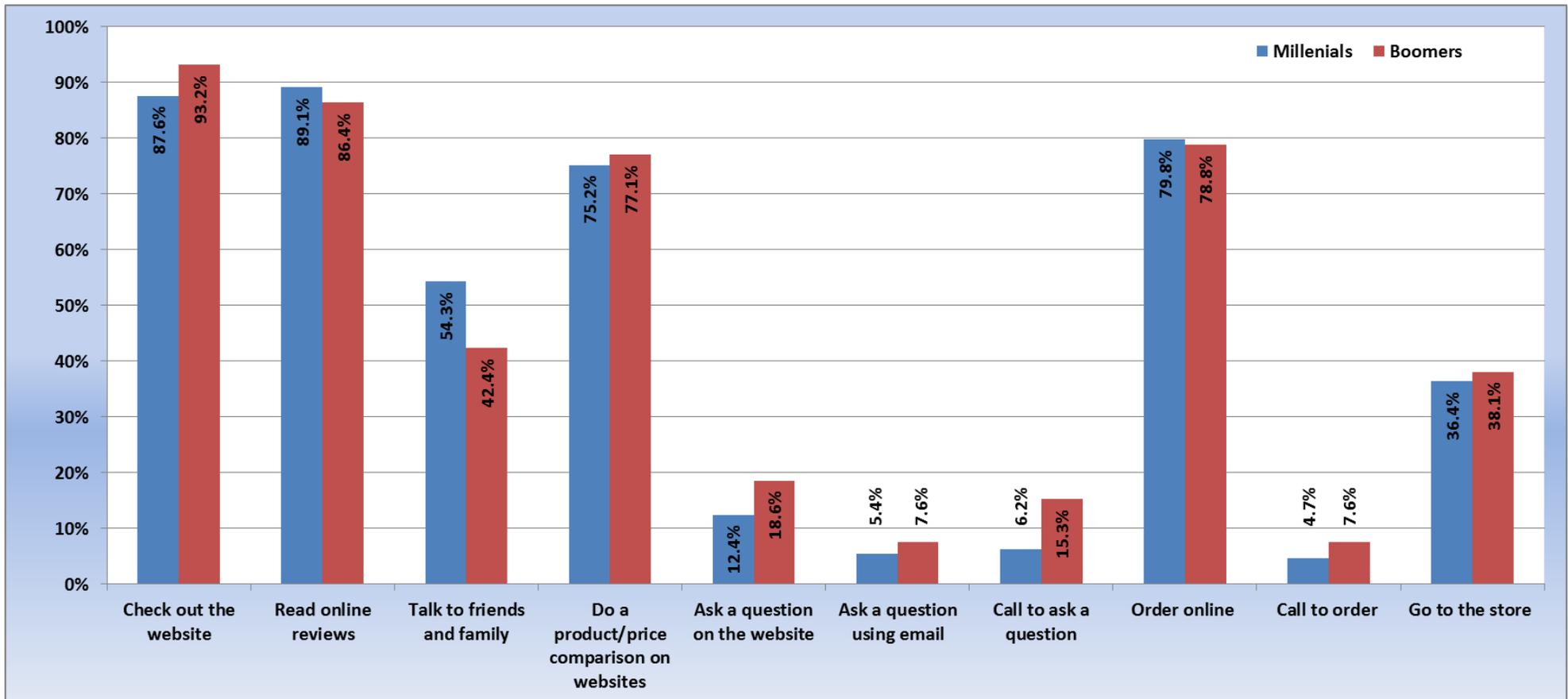
Figure 17: When buying something new, I usually:
(Please select all that apply)



Source: DMG Consulting LLC, February 2017

DMG delved deeper into these results to determine if online shopping trends were influenced by age. Figure 18 makes it clear that there is little generational divide between Millennials and Boomers when it comes to doing research and ordering online, but there is a difference in how the different age groups ask questions. Millennials are more likely to talk to friends and family before they purchase a product. Boomers ask a company more questions – on the website, by email, and particularly by phone – than Millennials. And after doing their research online, Boomers are more likely than Millennials to call to place their order.

Figure 18: Consumer Research and Buying Preferences, by Generation



Source: DMG Consulting LLC, February 2017

DMG's Leader Profile:

Consumer Channel Preference by Business Situation

Consumer expectations for customer service and sales activities are very different, as the benchmark study shows. In times of need, consumers want to have a conversation with someone who will take care of their issue. This is the case regardless of the business or the situation. When a consumer wants to resolve an issue with certainty, their channel of choice is voice.

When it comes to buying, a majority of consumers show a preference for online communication and interaction channels. They conduct their research online, compare prices and products online, and make their purchase online. While both generations prefer to place their order on a website, when there is an issue or concern Boomers are more likely to call than Millennials.

An enterprise that wants to be perceived as a leading consumer business needs to allow their customers to make purchases online. To offer an outstanding customer experience, enterprises must provide a well-designed and easy-to-use online experience that is supported by a variety of communication channels, including online chat, voice, email and texting. Social media was not ranked high as a channel of communication in any of the benchmark questions, but should not be ignored, as even one issue can escalate out of control and damage a company's brand, if not managed appropriately.

After a consumer purchases a product, the enterprise needs to be available to assist on the customer journey throughout their lifecycle. To deliver an outstanding journey, enterprises need omni-channel contact centers. Based on the results of this benchmark study, contact centers should support voice, email, text and online chat, as well as social media. In the future, customers' favored means of communication are likely to expand to include video, in addition to new channels that may emerge. Leading servicing environments should be positioned to provide assistance in a variety of channels and to allow customers to channel-jump as their needs change.

When customers need help or have questions, they want to speak to an agent who is empowered to resolve their issue. Each caller expects the agent they reach to know who they are, even if they started their customer journey in a different channel. Contact centers need to be staffed with well-trained customer service professionals who are knowledgeable, empathetic and positioned to succeed by resolving issues during the first contact. Enterprises that want to be perceived as leaders in omni-channel consumer satisfaction will continuously look at their sales and service experience through the eyes of their customers. This will allow them to make the necessary

investments in their salespeople and customer service agents (or technical support staff) as well as technology to ensure they are prepared to continuously meet or exceed customer expectations. Providing access via customers' preferred channels is an important part of the servicing story.

Transitioning to a Leader in Addressing Consumer Channel Preferences for Different Business Situations

Enterprises that want to be leaders in meeting and exceeding the service and support needs and expectations of their customers must transform their service and sales organizations from multi-channel to omni-channel contact centers. There are substantial differences in best practices in multi- and omni-channel contact center environments. Multi-channel contact centers have separate groups of agents and different systems to handle each of their channels. (Each channel is essentially handled as a "silo.") In these environments, agents typically have a view only into the channel that they support. In an omni-channel contact center the handling of all channels is centralized and agents have a complete view of what happens with customers throughout all channels. In these environments, companies have a consolidated system for receiving, queuing and routing all types of interactions. Because transaction handling is centralized, they can create standardized rules for the handling of all types of interactions and communications. While each communication channel may be routed and handled differently, the centralized approach enables an organization to better manage a customer's journey.

To become a leader that properly (and cost-effectively) addresses consumer channel preferences, enterprises must transition from their multi-channel environments and build omni-channel customer engagement hubs. In these environments, companies must provide support for a variety of channels, specifically, call, email, text, online chat and social media. As they add new channels, they must continue to make investments that keep their phone-based staff at the top of their game, as voice is now, and is expected to continue to be, the channel of choice for any consumer with a serious issue. This isn't to say that a consumer won't put their gripes out on social media if they feel they do not have alternatives (and there are some who will make an issue go viral without giving an organization a chance to resolve their issue), but a well-trained, empowered and engaged live agent is the best line of defense for any organization.

IV. Emerging Contact Center Technology

The last two questions of the benchmark study asked consumers about two emerging technologies that have great potential to help improve the customer experience and reduce operating costs: intelligent virtual agents (IVAs), which are also known as bots, and voice biometrics. DMG asked these questions to assess consumer awareness and readiness for these emerging and potentially valuable technologies.

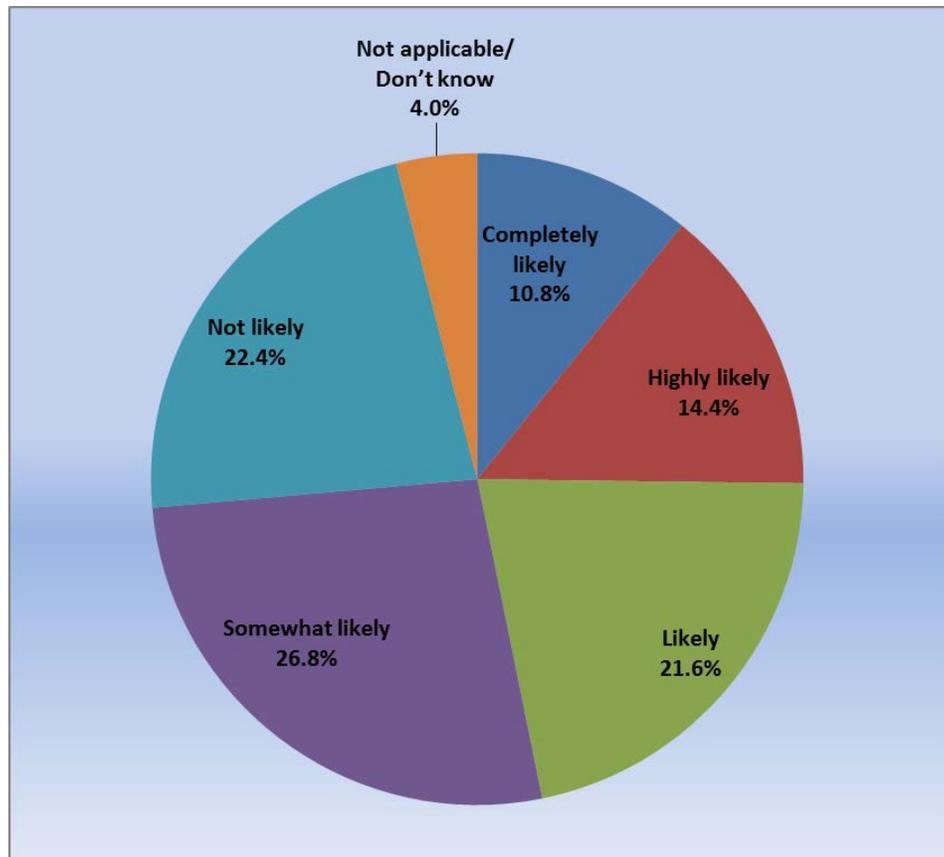
IVAs can be used for many purposes, including improving the web-enabled and voice-based self service capabilities offered by many enterprises. IVAs use machine learning and artificial intelligence capabilities to create a self-learning solution that continuously improves itself. Voice-enabled IVAs have the potential to replace speech-enabled interactive voice response (IVR) technology, which has been around for more than 30 years, giving enterprises better ways to satisfy their customers. This is important for enterprises that want to be perceived as leading consumer companies. The findings from this benchmark study confirm that consumers are increasingly likely to try to resolve their issues by themselves using a self-service solution before reaching out to a company in a second, and likely more expensive, servicing channel.

Voice biometrics is another technology that can make a major contribution to improving the customer experience. It can increase security and reduce fraud risk for customers who call an enterprise, while enhancing the customer experience and reducing the cost of service by automating the verification process. One of the biggest challenges for service and sales organizations in most industries today is to accurately confirm the identity of callers without asking too many annoying questions.

When study participants were asked how likely they were to use an IVA, almost half of those who answered this question, 46.8%, indicated that they were likely, highly likely or completely likely in favor. 26.8% of respondents said that they were somewhat likely, which indicates a hesitancy to use the new technology. 22.4% of respondents indicated that they were not likely to use an IVA, and only 4% answered that they didn't know. (There was no significant difference between the answers of Millennials and Boomers.) The findings are very positive for this emerging technology category, as a very large percentage of consumers around the world are already positively inclined towards these solutions.

The survey asked participants:

Figure 19: How likely are you to use a self-service virtual bot/virtual intelligent agent, to ask a question?

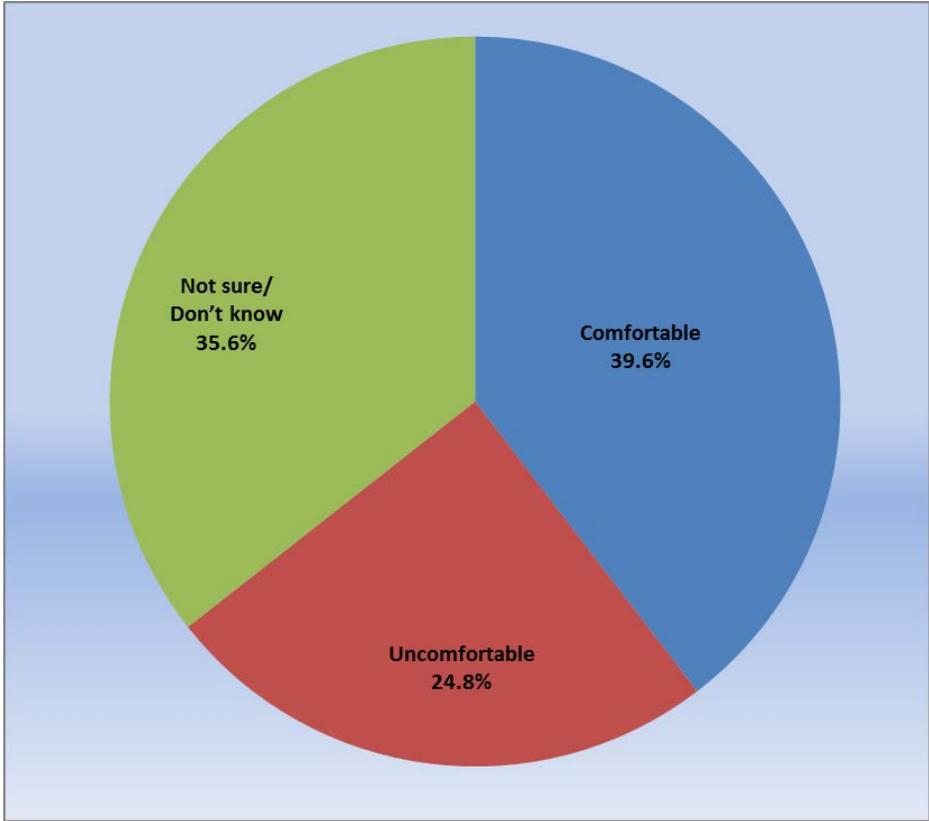


Source: DMG Consulting LLC, February 2017

The study also asked participants how they felt about companies using voice biometrics to verify their identity when they call. 39.6% of survey participants indicated that they would be comfortable with voice biometrics; 24.8% answered that they were uncomfortable, and 35.6% said that they were not sure or didn't know. The benchmark results make it clear that there is a major opportunity to educate consumers regarding the purpose, use and benefits of voice biometrics.

The survey asked participants:

Figure 20: How do you feel about companies using voice biometrics (which matches a speaker’s voice to an enrolled voiceprint) to verify your identify when you call them?



Source: DMG Consulting LLC, February 2017

V. Final Thoughts

Customer expectations and needs are changing at a pace so rapid that businesses are struggling to keep up. Consumers want it to be easy for them to conduct business with a company. This includes using their channel of choice, which changes based on what they are doing and even in the process of handling a single business situation. (For example, a consumer may start on a website and discover that they need to speak to a live agent to complete their transaction.)

Despite all of the innovations and changes, one thing has remained the same – consumers of all ages prefer to speak to a live agent when they need to handle a sensitive, personal or time-critical customer service issue. Consumers expect the companies they do business with to be there for them when they need help. Many, but not all, consumers will first try a self-service solution or a digital channel, but if these don't give them a satisfactory response and outcome, they will call. This is the case for both Baby Boomers and Millennials. And, counter to market expectations, there are situations where Millennials are more likely to call than the older generation.

Companies need to build omni-channel contact centers that enable them to deliver a consistently outstanding customer experience to consumers in their channel of choice. Enterprises that want to keep their customers engaged and satisfied must allow them to move from channel to channel. While companies need to expand the channels they support to include online chat, text and social media, they must also make sure that they continue to do an outstanding job of providing support for calls and emails, the two core servicing channels traditionally used by consumers.

When it comes to sales, online is the name of the game, and companies need to support these transactions with online chat and email. But, when a consumer is stuck and can't find an answer any other way, they are likely to fall back on the tried and true voice channel. Businesses that want to keep their online customers engaged should use WebRTC to allow their online shoppers to initiate a voice conversation with a live agent while staying on their website, so that they can easily complete their purchase.

The bottom line is that voice is here to stay as a channel for service, support and sales. Whether voice is viewed as a long-familiar comfort or a channel of last resort, it continues to be used by the majority of Millennials and Baby Boomers. Enterprises that want to deliver an outstanding customer experience must build omni-channel contact centers and staff them with highly knowledgeable and skilled agents who are empowered to do what it takes to resolve customer issues in the first contact.

Whether voice is viewed as a long-familiar comfort or a channel of last resort, it continues to be used by the majority of Millennials and Baby Boomers.



About Plantronics

Plantronics (NYSE: PLT) is a global leader in audio communications for businesses and consumers. We have pioneered new trends in audio technology, creating innovative products that allow people to simply communicate. From unified communication to Bluetooth® headsets to gaming solutions, we deliver uncompromising quality, an ideal experience, and extraordinary service. Plantronics is used by every company in the Fortune 100™, as well as 911 dispatch, air traffic control and various mission-critical applications for those on the frontline. For more information, please visit plantronics.com or call (800) 544-4660.

About DMG Consulting LLC

DMG Consulting LLC is a leading vendor-independent firm providing contact center research and consulting services focused on unified communications (UC), contact centers, back-office operations, and analytics. Since 2001, DMG has been providing strategic business and technology insights and guidance to executives and managers, technology and solution providers, and the investor community.

Leading companies around the globe rely on DMG's strategic, operational and technology advice. DMG's business strategists, process engineers, operations managers, marketers and financial analysts identify solutions and practices to improve the customer journey, engage employees and enhance revenue while reducing operating costs. For more information, visit www.dmgconsult.com.

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