Customer Communication Management in the New Normal

Priorities, Pain-Points and Ambitions

2022 Research Report

Adare **SEC**
An Opus Trust Communications Company

Contents

Introduction

Has there ever been a more critical time to get customer communications right?

Businesses want to know that every spend is meaningful — that every communication counts. Consumers want business relationships that can flex to the new normal — that are convenient, transparent and intelligent.

Behind any delivered or received message lies a complex system of people, processes and technologies, a dynamic that continues to evolve in-line with changing consumer demands and available solutions.

So, how does this dynamic look right now? What are today's pressures and priorities? And what are the aspirations for businesses tasked with managing communication volumes?

This research report serves as a strategic benchmark, capturing the thoughts of 250 senior-level decision-makers on their Customer Communication Management proficiencies today and their expectations for the future.

**Tony Strong,
CEO, Opus Trust
Communications**

> **It is always valuable to gain insight into the real-life experiences and forward projections of professional peers. Doing so now — post-pandemic — takes on extra significance.**

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Survey respondents

Digital transformation is a broadly used term.

For the purposes of this survey, respondents were asked about:

> " Digital transformation relating to customer communication management – specifically, the adoption of digital technologies to improve processes, reduce costs, manage risk and deliver an improved customer experience. "

Seniority

45%

Board member; C-level

55%

Senior management; senior manager of unit, function or department

Vertical sector split

24%

34%

42%

Utilities

Retail

Financial services
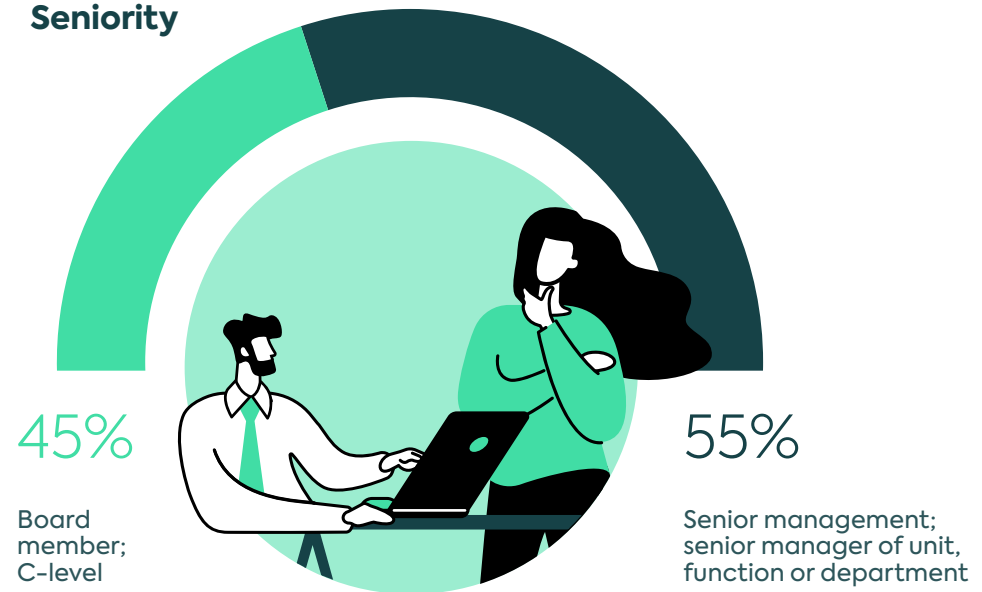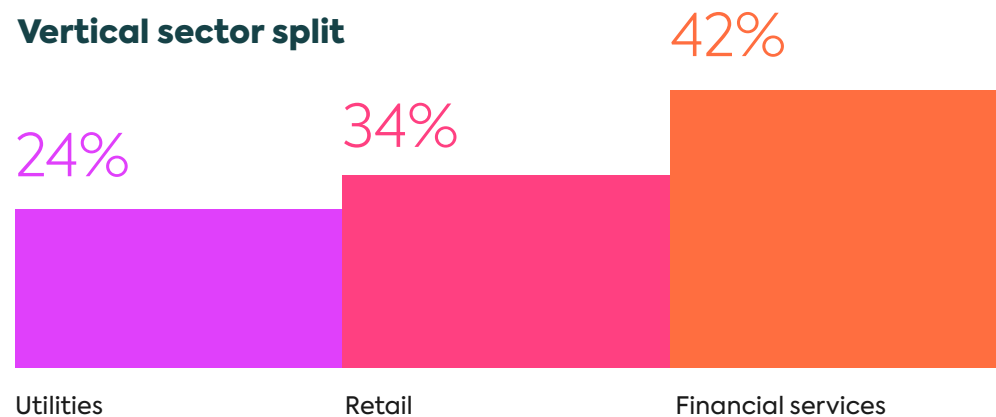
Key findings

01 **89%** of businesses state that digital transformation has been accelerated by Covid-19 proving that the pandemic has reshaped customer communication management strategies

02 **42%** of businesses say the call centre and paper documents still sit at the heart of communication processes

03 **44%** of businesses expect digital processes to dominate customer communications in 3-5 years

04 **38%** identify integration with legacy systems as a main barrier to digitisation, followed closely by potential for data breaches (37%); and concerns over data quality (36%)

05 **72%** of respondents identify more than one owner of digital transformation in their organisation

06 **38%** of businesses identify staff inefficiency caused by an inability to share information quickly throughout the business as the biggest communication cost-drain

07 **37%** of businesses say improving customer communication data security and compliance is an urgent requirement

08 **72%** of businesses require a 'complete overhaul or significant improvement' of processes in order to share accurate and up-to-date customer records with colleagues

09 **80%** of businesses believe remote working is putting communication compliance at risk

10 **80%** of businesses believe that the customer experience is being damaged because remote working staff are not able to share information with colleagues quickly

04

Digital desires and legacy realities

The pandemic has changed consumer behaviours in multiple ways – increasing digital adoption, altering purchasing patterns, transforming how and where we work, rest and play. It has also served warning on those businesses that are too stuck on legacy ways of operating, too reliant on individuals or outdated processes to achieve bottom-line targets.

The last two years have placed a huge question mark against the status quo. As a result, what has been a slow-burn ambition for many businesses has now become a priority. Fast-forward has been pressed on digital transformation strategies as businesses look to streamline processes, introduce more operational flexibility and position in a way that enables communications to cut-through in the new normal.

But change isn't seen as straightforward. Those very same legacy processes – often complex, proprietary, well-embedded – are hampering the speed of transformation. If they are dismantled, will new processes fit together quickly and will business benefits be immediate?

> **Change is always challenging. Clearly, decision-makers need reassurance that moving from the anchor of legacy to contemporary, integrated communication management can happen without major disruption.**

88%*

Digital transformation is a priority for my organisation in the next 12 months

89%*

Digital transformation implementation in my organisation has been accelerated by COVID-19

75%*

My organisation's internal processes and ways of working are hampering the speed of change when it comes to digital transformation of customer communications

*Results are a combination of "Strongly Agree" and "Agree"

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Time to ring the call centre changes?

So what's the customer communication reality today?

For 42% of businesses, everyday customer interactions continue to be conducted via a combination of postal documents and telephone conversations. This is undoubtedly an expensive and inflexible way of operating compared to a majority digital play, whereby most common customer interactions are routed through and handled by digital processes.

The progression to digital is happening, but change is not sweeping. In 3-5 years, 44% of businesses expect to be engaging with customers via predominantly digital processes.

The challenge facing organisations is that today's customer expectations are higher than ever. They want timely, accurate and personalised support across all channels (or those available to them), requiring businesses to generate a holistic, 360° view of behaviours.

Given these expectations, one might expect digital processes to dominate more quickly.

The reality is that businesses can see the end goal. But they also see barriers to progress.

Now

Which of the following statements best describes your organisation's current approach to customer communication and engagement?

3-5 Years

What do you anticipate will be your organisation's approach to customer communication and engagement in 3-5 years?

Now	3-5 Years
42%	27%
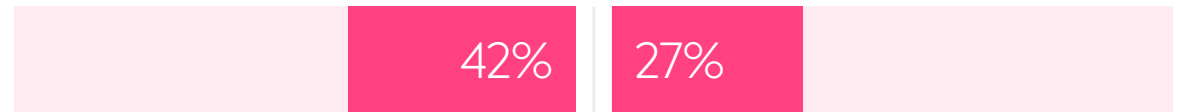
Customer engagement is built around a telephone contact centre with a dependency on paper-based documentation and records

Now	3-5 Years
19%	28%
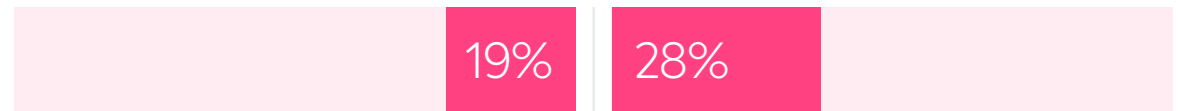
Customer engagement is built around a telephone contact centre and all resulting communications are fully digital

Now	3-5 Years
39%	44%
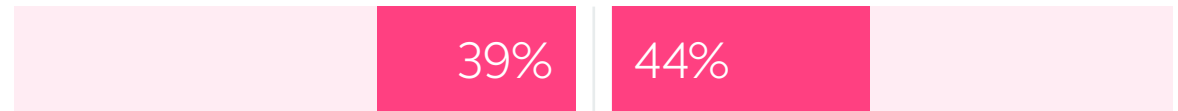
Customer engagement is built around digital engagement with limited telephone contact centre capability

Results are a combination of answer responses

The barriers to digital progress. Untangling the legacy and other headaches.

What do you believe are the biggest barriers to digitisation and the replacement of a higher proportion of paper communications with integrated digital communications?
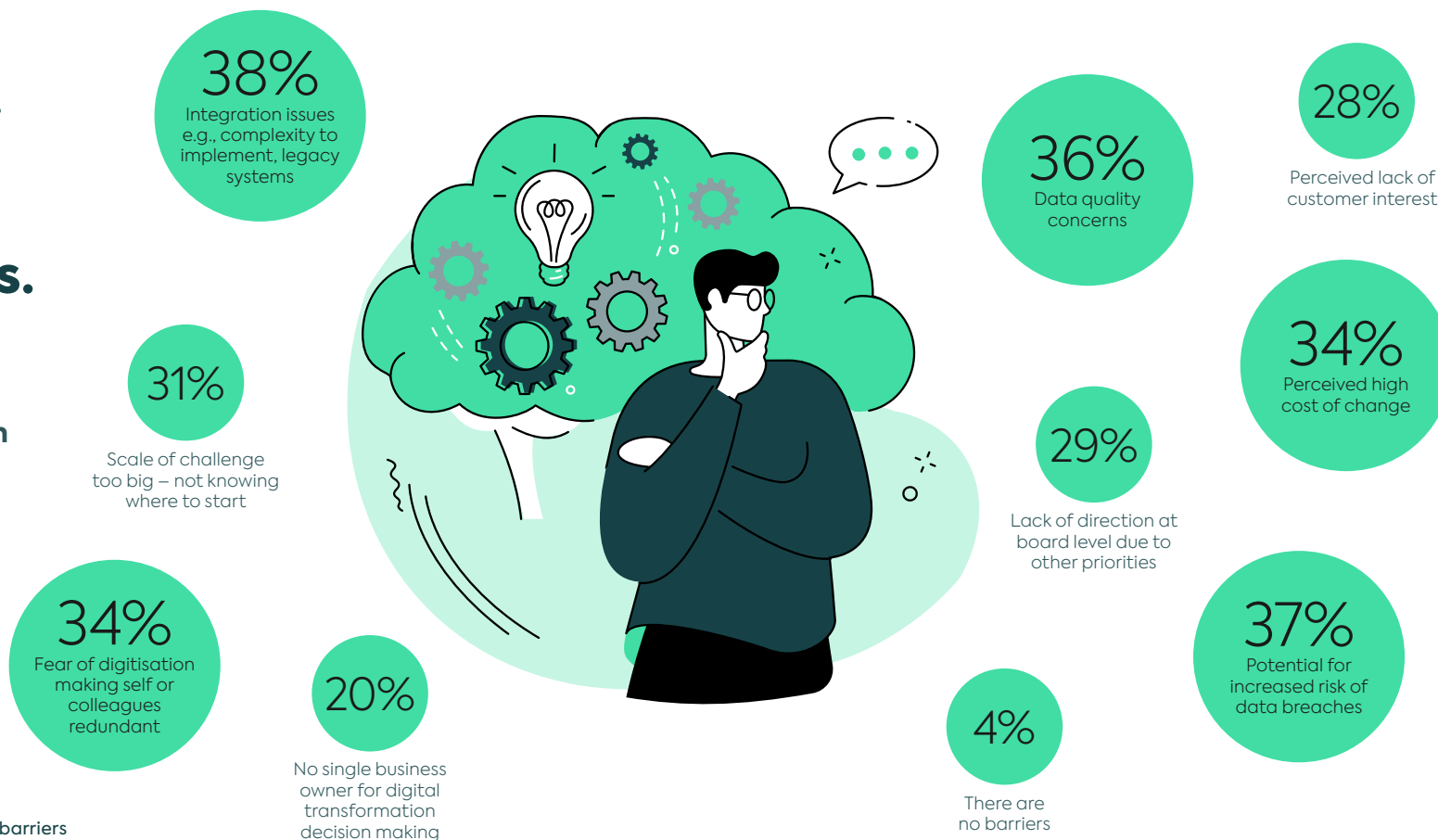
Respondents were asked to select the top three barriers

38% Integration issues e.g., complexity to implement, legacy systems

31% Scale of challenge too big – not knowing where to start

34% Fear of digitisation making self or colleagues redundant

20% No single business owner for digital transformation decision making

36% Data quality concerns

28% Perceived lack of customer interest

34% Perceived high cost of change

29% Lack of direction at board level due to other priorities

37% Potential for increased risk of data breaches

4% There are no barriers

The very even ranking for most options presents a picture of broad and wide-ranging barriers to digital progress. The core challenges can be summarised as complexity, security, quality and cost.

The complexity of integrating with legacy systems is the most commonly identified barrier, indicating concerns around further burdening already overstretched internal IT teams.

Data quality concerns and the potential for data-breaches both rank highly. Businesses are not confident that the health and accuracy of internal data will stand up to more advanced communication strategies.

Fear of digitisation making roles redundant is also very real amongst respondents – will a digitally-focused culture bring people along with it?

Taken together, these findings perhaps indicate a general misconception that digital transformation must be immediately extensive – an all-encompassing leap of faith. Instead, by starting small and trialling transformation against defined, sensible start-points, businesses can see projects working and build at a pace that suits.
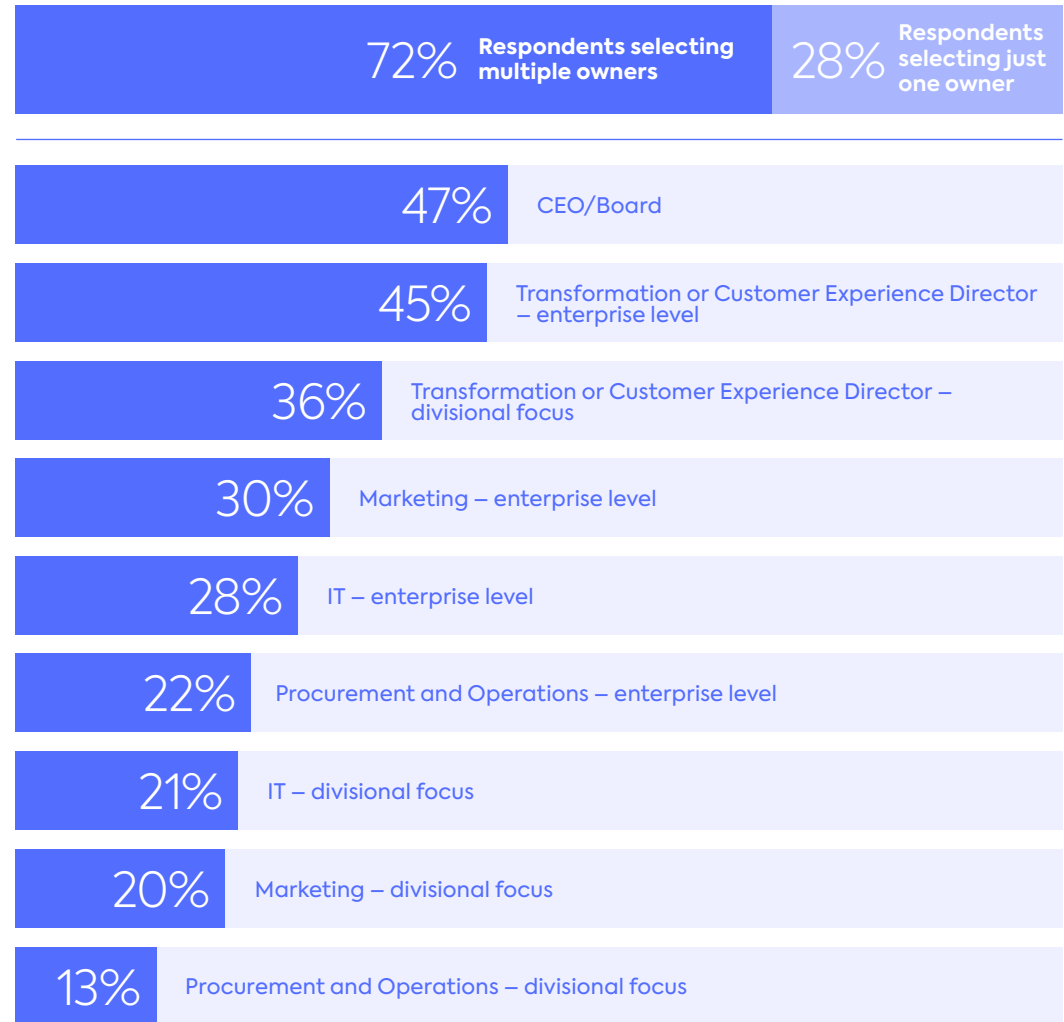
Too many cooks – a recipe for inaction?

So who owns the digital transformation challenge as it relates to customer communication?

Customer communication touches every part of the business and has a huge influence on the business bottom-line. If it isn't already a Board-level concern, should it be? Although the CEO/Board was nominated most frequently (47%), ownership ranges from the CEO down to departmental divisional focus.

In fact, 72% of respondents selected multiple owners rather than one clearly defined decision-maker. Are projects stalling because they are falling between departments? In the previous question identifying barriers to digital progress, 20% of respondents nominate 'No single business owner for digital transformation decision making'.

> **Defined ownership and direction is clearly needed if businesses are to take the digital transformation journey with confidence.**

Who in your organisation is responsible for customer communication strategy and budget relating to the digital transformation of customer communications?

72% **Respondents selecting multiple owners**	28% **Respondents selecting just one owner**

%	Owner
47%	CEO/Board
45%	Transformation or Customer Experience Director – enterprise level
36%	Transformation or Customer Experience Director – divisional focus
30%	Marketing – enterprise level
28%	IT – enterprise level
22%	Procurement and Operations – enterprise level
21%	IT – divisional focus
20%	Marketing – divisional focus
13%	Procurement and Operations – divisional focus

Respondents asked to tick all that apply
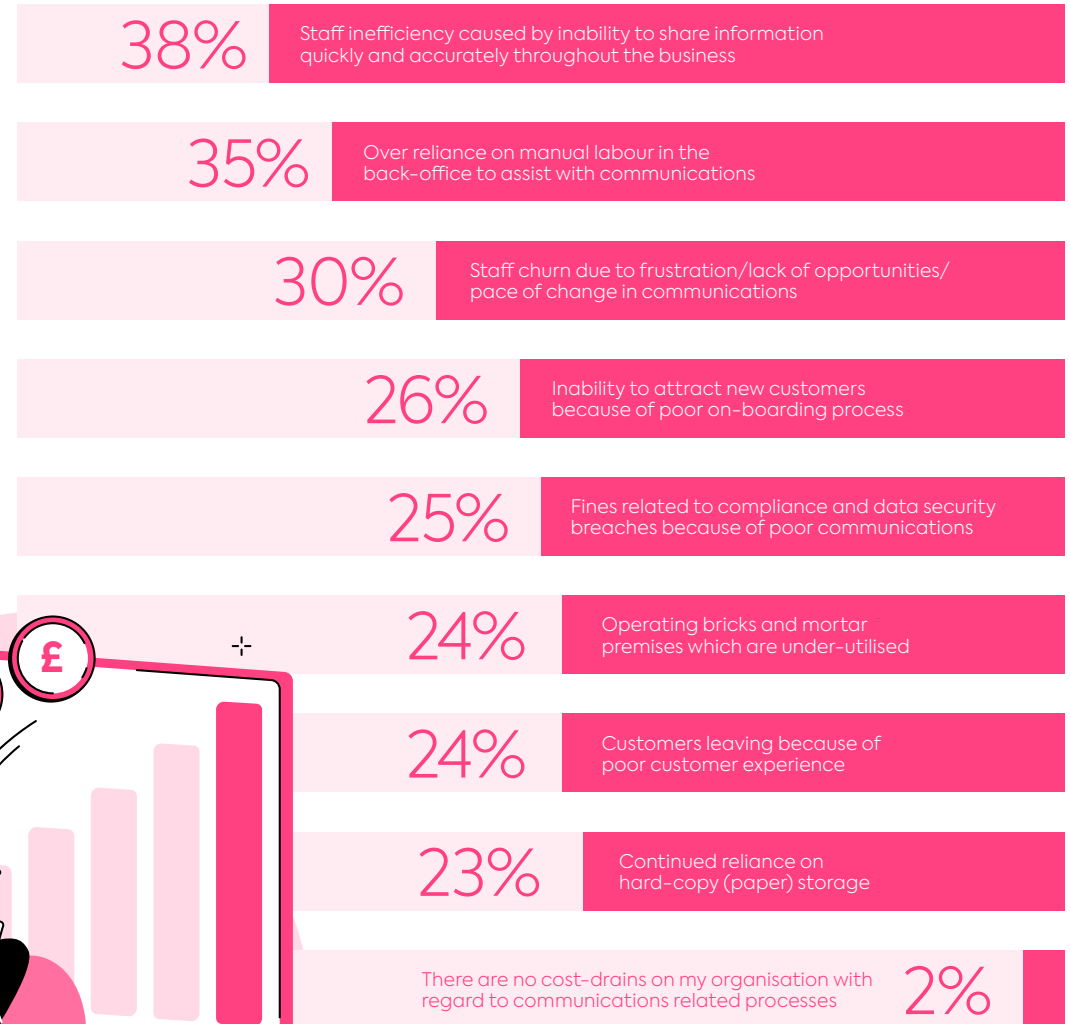
The cost of standing still

> **Standing still is not an option. Either directly or indirectly, inflexible and outdated communication processes are losing businesses money.**

The legacy model of manual processes, paper volumes, and bricks and mortar sites is identified as a major cost-drain in itself. This infrastructure then hampers the efficiency with which teams work. And if teams can't work efficiently then communication quality will suffer, with obvious consequences in terms of compliance and customer satisfaction.

Most of these costs are intertwined, delivering a knock-on effect where one issue impacts another. The good news is that by fixing a problem – by plugging a cost-drain – businesses can begin to see benefits permeate across departments and to the end-customer. Small steps can deliver big advantages.

Which communication-related processes do you believe currently cause the biggest cost-drain?

38% Staff inefficiency caused by inability to share information quickly and accurately throughout the business

35% Over reliance on manual labour in the back-office to assist with communications

30% Staff churn due to frustration/lack of opportunities/ pace of change in communications

26% Inability to attract new customers because of poor on-boarding process

25% Fines related to compliance and data security breaches because of poor communications

24% Operating bricks and mortar premises which are under-utilised

24% Customers leaving because of poor customer experience

23% Continued reliance on hard-copy (paper) storage

There are no cost-drains on my organisation with regard to communications related processes **2%**

Respondents asked to identify the top 3 cost-drains

Priorities defined

Having identified the cost-drains associated with existing communication management processes, respondents looked next at the most urgent challenges to be addressed through digital transformation.

The fact that no standout single challenge emerges is revealing – highlighting the broad range of issues caused by legacy ways of working.
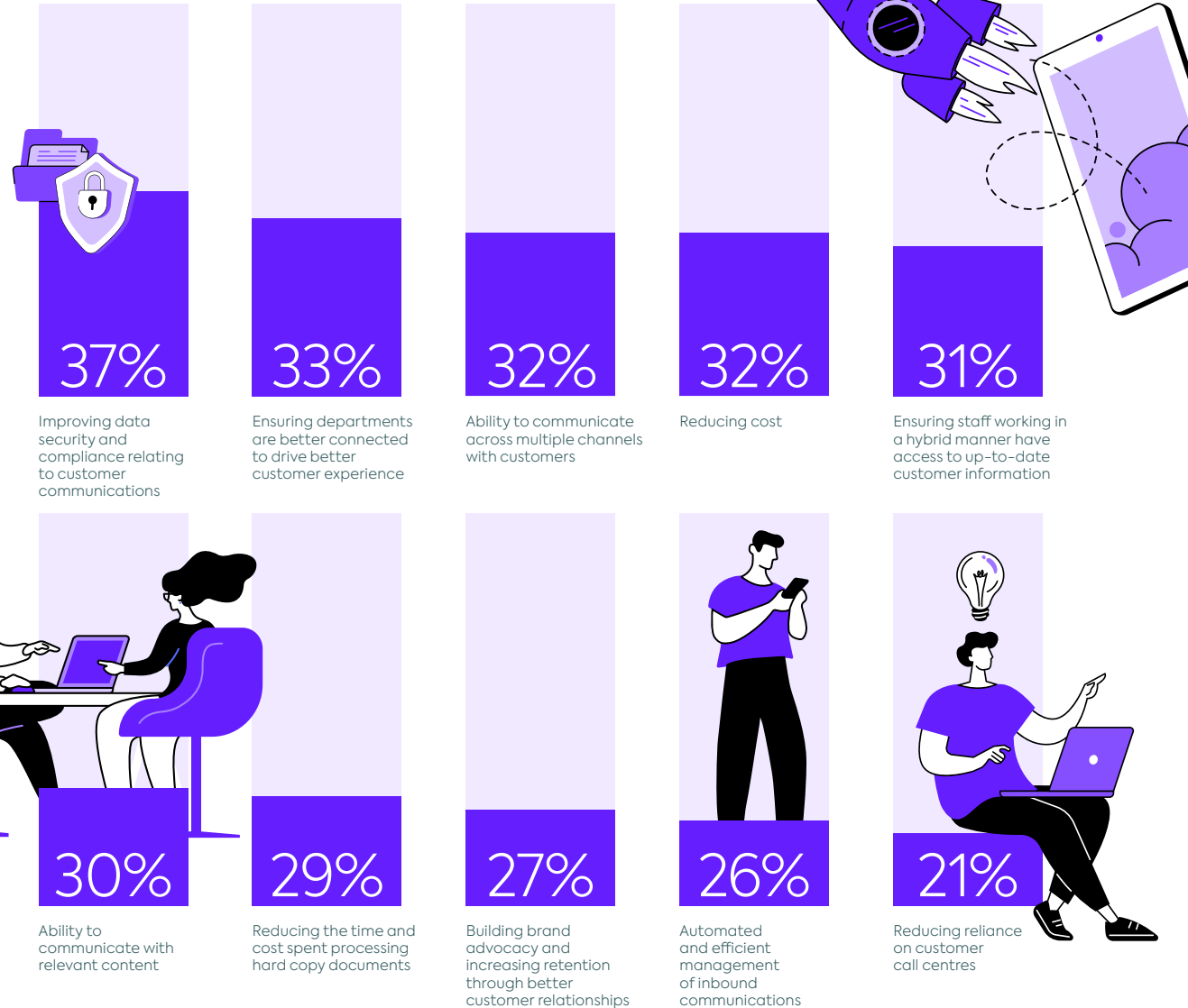
The prominence of data security as an issue may well be a reflection on changing work patterns and the more dispersed nature of teams and colleagues. Is this post-pandemic workscape heightening the risk of creating non-compliant communications?

Cutting costs will always score highly, but there is a mature enough understanding of digital transformation to look beyond the cost play. So, whilst there is a requirement to eliminate cost inefficiencies generally, and more specifically around paper handling and inbound processes, there is an equal desire to drive the customer experience through better communication.

For a third of businesses (33%), 'ensuring departments are better connected in order to drive a better customer experience' is an urgent requirement. Let's explore this issue in greater detail.

Which are the most urgent requirements for your organisation?

37%
Improving data security and compliance relating to customer communications

33%
Ensuring departments are better connected to drive better customer experience

32%
Ability to communicate across multiple channels with customers

32%
Reducing cost

31%
Ensuring staff working in a hybrid manner have access to up-to-date customer information

30%
Ability to communicate with relevant content

29%
Reducing the time and cost spent processing hard copy documents

27%
Building brand advocacy and increasing retention through better customer relationships

26%
Automated and efficient management of inbound communications

21%
Reducing reliance on customer call centres

Respondents were asked to select the 3 most urgent requirements

Sharing is caring – but breaking down siloes is a core challenge

How much improvement do you believe is required for professionals in your organisation to have access to accurate, up-to-date and comprehensive records of each customer interaction and share that detail with colleagues in other departments?

Digging a little further into how customer information is shared within businesses reveals a core challenge. Nearly three quarters of businesses (72%) require systems to be 'significantly improved' or 'completely overhauled' in order to share customer information accurately between departments.

Without this ability, customer communications run the risk of falling short, of never being truly tailored and meaningful. Think also of the impact on the customer experience caused by duplication and unnecessary communications – all because departments are unable to provide swift and accurate updates on each customer's communication history.

> **Breaking down these siloes of operation is key, and a recognised issue. But are businesses overstating the challenge?**

A complete overhaul is rarely necessary – at least not in one fell swoop. Again, change can happen in small steps – perhaps with one department recognising a sensible point-of-entry for digital processes, and then other departments aligning with this new functionality at their own speed.

26%
Some improvement is required

72%
A complete overhaul or significant improvement is required

2%
No improvement is required

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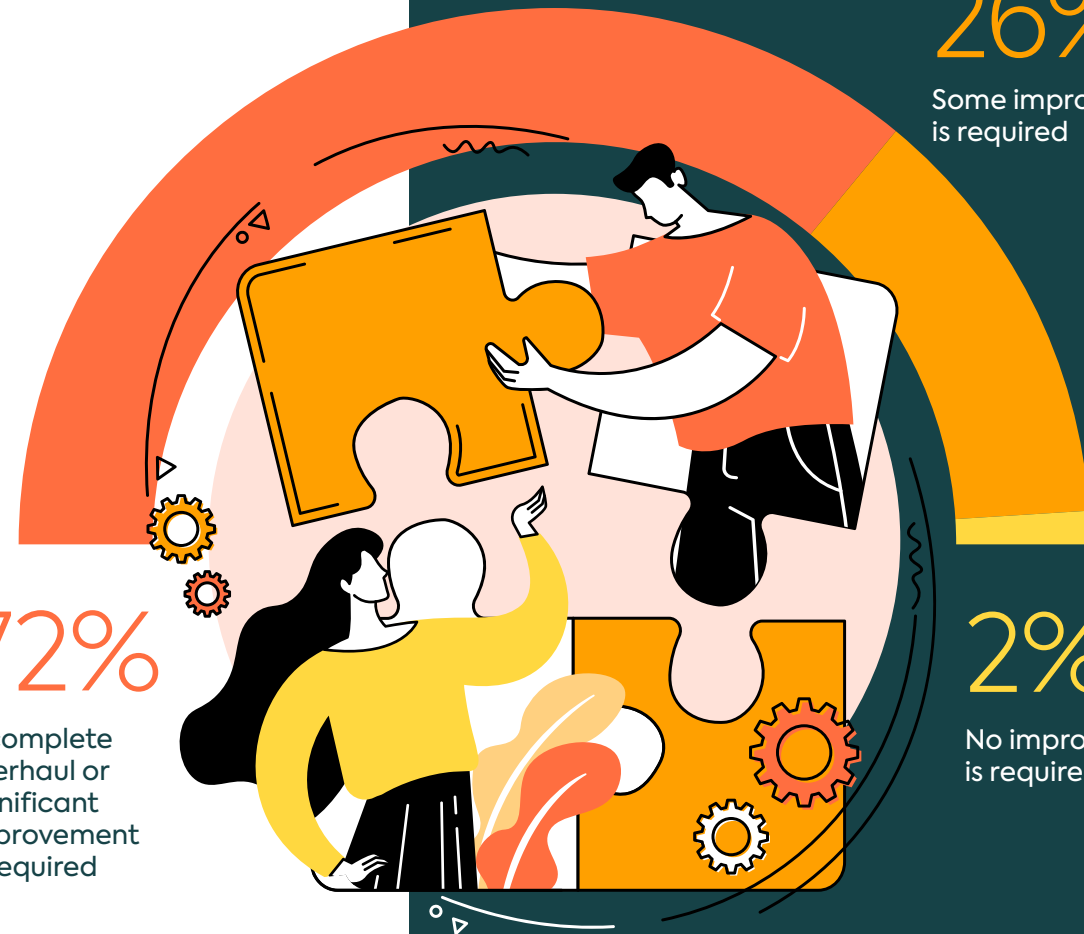
Flexing to the new hybrid normal

> Whether the pandemic has changed how organisations work for good is still the cause of debate. But already we are seeing 'hybrid working' patterns, with employees alternating between home, the office and 'third spaces' such as local work-hubs.

Only one in five respondents (20%) feel their organisations are robustly equipped for this kind of operational flexibility. The response to the pandemic itself was necessarily swift, solving immediate operational problems. But 80% of respondents question the long-term sustainability of these rapidly implemented solutions.

Once more, the challenge of sharing information between colleagues and departments looms large, extending from connecting internal siloes of operation to connecting staff operating remotely with colleagues elsewhere.

Respondents identify a worrying disconnect between remote staff and office-based staff that needs solving. Failure to do so will impact the customer experience and put compliance at risk.

20%
We do this very well, and there are no improvements we could make

How would you rate your organisation's ability in offering 'anywhere operations' so that service continues at a high level, irrespective of where employees are located?

80%
A combination of "Strongly Agree" and "Agree"
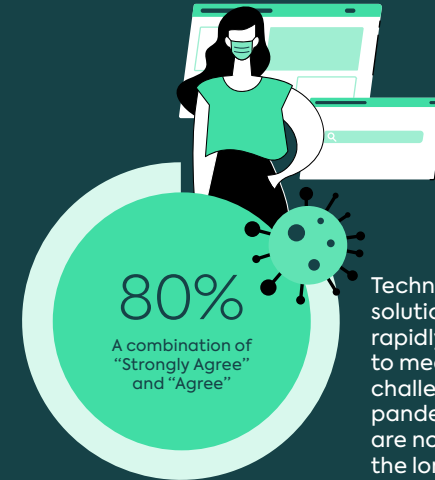
Technology solutions were rapidly implemented to meet operational challenges during the pandemic, but these are not sustainable in the long term

80%
A combination of "Strongly Agree" and "Agree"
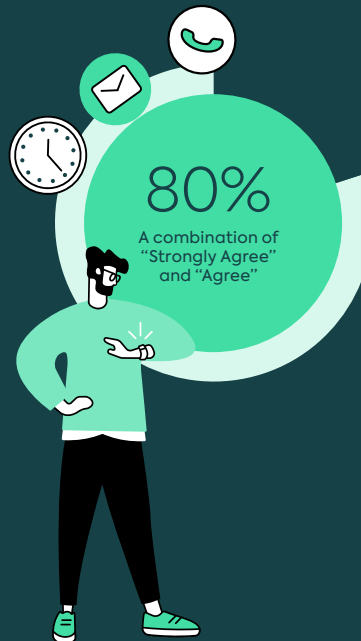
Customer experience is suffering because remote-working staff are not able to share information with colleagues quickly

80%
A combination of "Strongly Agree" and "Agree"
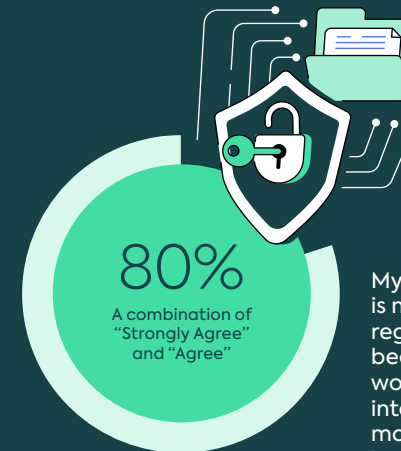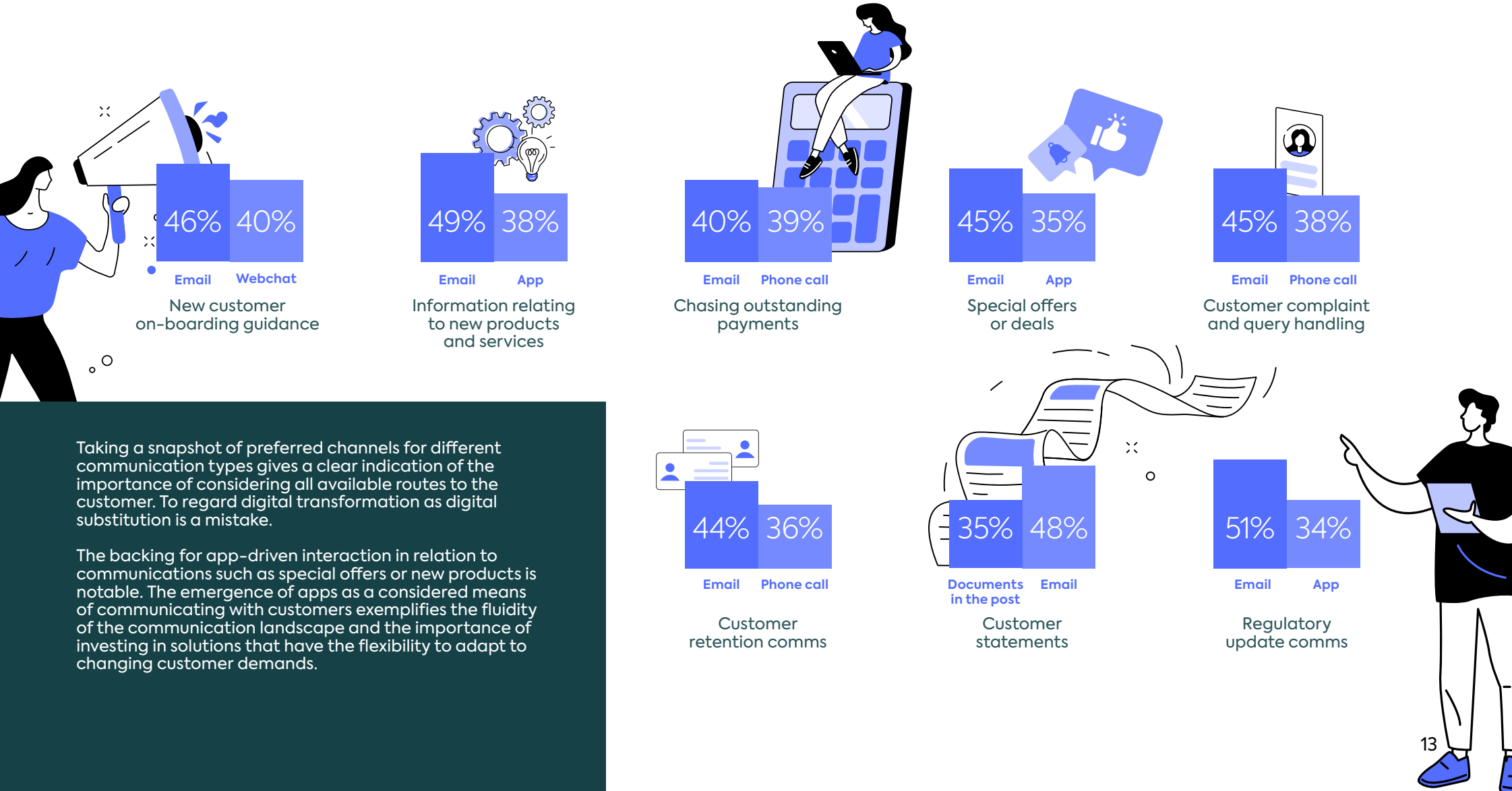
My organisation is more at risk of regulatory fines because remote working has made internal processes more disjointed and less secure

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Navigating channel expectations

For each of the following typical customer communications, please select which two methods of communication you think work best.

46% **40%**
Email Webchat
New customer
on-boarding guidance

49% **38%**
Email App
Information relating
to new products
and services

40% **39%**
Email Phone call
Chasing outstanding
payments

45% **35%**
Email App
Special offers
or deals

45% **38%**
Email Phone call
Customer complaint
and query handling

44% **36%**
Email Phone call
Customer
retention comms

35% **48%**
Documents Email
in the post
Customer
statements

51% **34%**
Email App
Regulatory
update comms

Taking a snapshot of preferred channels for different communication types gives a clear indication of the importance of considering all available routes to the customer. To regard digital transformation as digital substitution is a mistake.

The backing for app-driven interaction in relation to communications such as special offers or new products is notable. The emergence of apps as a considered means of communicating with customers exemplifies the fluidity of the communication landscape and the importance of investing in solutions that have the flexibility to adapt to changing customer demands.

13

No endgame in sight for email

How do you think the use of email as a means of customer communication will change in 3-5 years' time?

50%
Increase slightly

10%
Stay the same

6%
Decrease slightly

2%
Decrease significantly

32%
Increase significantly

The communication landscape continues to evolve. As an example, recent articles in publications such as The New York Times have questioned email's longevity as a communication channel of choice. The argument goes that Generation Z (born between 1997 and 2012) – a generation raised on social media and instant messaging – prefers almost any other communication channel to email.

Such comment and analysis is worth keeping a close eye on for anyone involved with shaping communication strategy. But is this analysis on email emerging as a trend?

The evidence suggests not – in fact, quite the opposite. Email looks to be in rude health for the next 3-5 years.

Building agility into communication strategies through digital transformation will help businesses stay on top of ever-shifting customer demands.

Methodology

Adare SEC commissioned independent market research specialist Vanson Bourne to undertake interviews with a total of 250 senior decision makers in the UK (Board member, C-level, Senior management).

Interviews took place in August and September 2021 with respondents from the following sectors: financial services (including banking and insurance), retail, and utilities.

The interviews were conducted online and were undertaken using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated, the results discussed are based on the total sample.