

The Xerox Institute of Work



Communications Edition

The State of
Customer Service
2015

1 in 2 consumers who contacted their telecoms brand in the last 12 months could not do so through their preferred channel.

18.4% of telecoms consumers are likely to switch brand in the next 12 months.

Only **1 in 5** consumers are comfortable with brands' use of their personal data.

41.6% of consumers agree that, by 2025, they will never have to contact a call center.

Contents

Introduction	3
1. Channel preference and reality	4
Customer care is at a tipping point. Digital channels of care were poised to overtake more traditional forms in consumers' brand relationships in 2015. However, consumer responses to the survey tell us that brands are experiencing varying degrees of success with their omnichannel service.	
• The channel gap	5
• Drivers of channel choice	7
• Bridging the gap	9
- The rise of digital	10
- Rethinking the retail store	12
- The future of the call center	13
2. Satisfaction and loyalty	14
Increasingly, brand satisfaction is intertwined with the contact brands have with consumers throughout the lifecycle. However, consumers told us that communications brands are failing to impress.	
• Growing customer demands	15
• Making recommendations	17
• To switch or not to switch	19
3. Privacy and personalization	20
Personal data and service personalization – a dance of discomfort and expectations. Survey responses see privacy and personalization emerge as a trade-off that shapes the relationships between communications brands and customers.	
• Privacy vs. personalization	21
• Customer expectations	23
4. Looking ahead	25
The need for customer care to change in line with customer expectations was a recurring theme in consumers' hopes for the next decade. Many see an end to the contact center as we know it, as opportunities for enhanced, and even automated, support emerge as a possibility for communications brands.	
• Where will we be in 2025?	26
• The end of customer care?	27
• Put a price on it	28
5. Concluding remarks	30
Telecoms brands have an opportunity to take the lead and position themselves at the heart of their customers' worlds.	
• The small print	31
• About Xerox	32
• About the report	32

Introduction

The flow of communications and information has made our world smaller, and more colorful.

It is fundamental to the way we work.

And play.

The inaugural three-part survey from Xerox titled 'The State of Customer Service 2015' explores consumers' relationships and experiences with the brands behind the technology, communications and media in their lives. Warts and all.

Welcome to the Communications Edition. If you like what you read, we have two other editions for the technology and media industries. You can find more details on xerox.com/custserv15.

Consumers across the United States, United Kingdom, France, Germany and the Netherlands introduced us to their communications service providers. They told us about their telephony, mobile, and Internet suppliers. In total, they named 188 separate brands.

The main players across the countries surveyed were T-Mobile, AT&T, Verizon, and Vodafone. In 2014, these four brands represented collective revenue of \$347billion. But for how long will those names top the polls?

Our survey finds the industry playing catch up to consumer expectations while leading the pack when it comes to customer experience.

We asked 6,000 consumers to consider everything from communication preferences to satisfaction, personal data privacy to personalization, and, of course, what they expect from the future.

In the following chapters, we will share our results. We'll highlight what it means for high-growth communication companies that want to use customer experience as a point of differentiation.

In a world where customer experience can set you apart from the competition, we're passionate about making every consumer touch point work better.

The power of analytics, insight and automation, customer service optimization can help communications companies give every consumer a lasting brand relationship.

Who did we ask?

We surveyed **6,000** consumers across five countries and two continents..

In order to ensure a representative sample of the populations, we sought the views of 2,000 people in the United States and 1,000 each in the United Kingdom, France, Germany and the Netherlands.

The gender split was 50/50 and the age breakdown was:

- **7.9%*** Generation Z (**16 - 20**)
- **16.2%** Millennial (**21 – 30**)
- **33.5%** Generation X (**31 – 50**)
- **29.4%** Baby Boomer (**51 – 70**)
- **13.1%** 71+

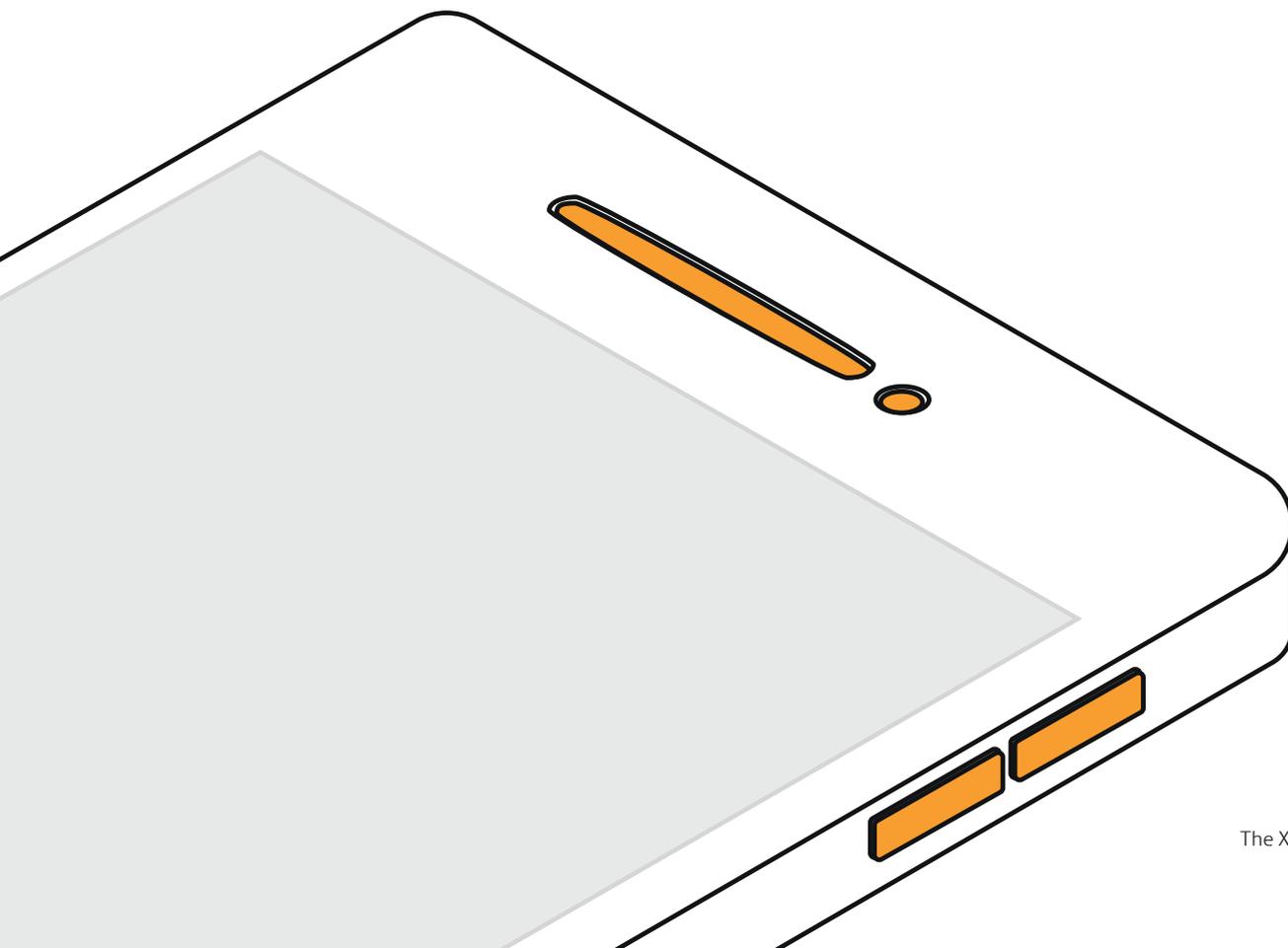
1. Channel preference and reality

Every day we are bombarded by messages and communications.

And we all have different preferences for the way we would like to be contacted. Depending on who it is – mom, boss or your favorite store. What it's about. And what else is happening in our lives at the time.

The evolving customer omnichannel landscape shapes when, where, and how consumers prefer to get in touch.

Get up close and personal with your customers. And contact each one on their terms.



Channel gap

Today's 24/7 consumer respects no opening hours, expecting support when it's convenient for them. Even if it's the middle of the night.

Thus, you must meet the consumer at her channel of choice. But many communications brands aren't.

Therein lies the channel gap; the chasm between consumer expectations and the reality of support. A new way of looking at customer-centricity.

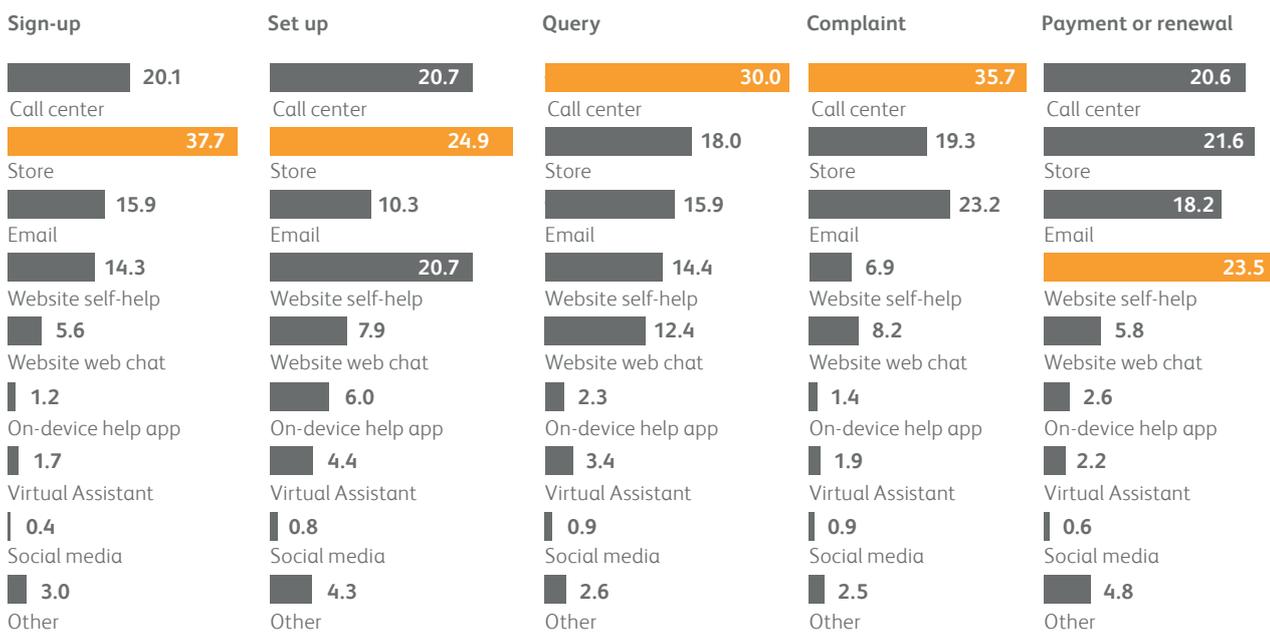
37.7% of consumers prefer to go into the retail store when purchasing a new product or service.

Channel preference

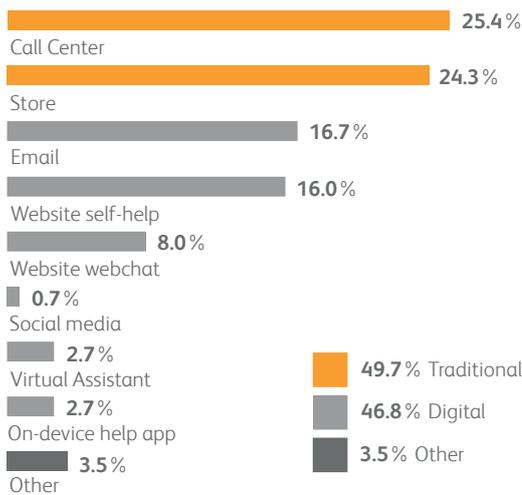
Given the choice, consumers are almost evenly split over their preference for digital or traditional communication channels at 46.8% and 49.7% respectively. However, we have uncovered strong variations by country, age and type of communication.

- 1 in 4 prefer the call center when contacting brands, making it the most preferred channel.
- U.S. consumers prefer to talk, with almost 53.9% preferring the direct human contact of traditional communication channels.
- The in-store experience is far and away the most preferred channel (37.7%) when purchasing communication services. And the young are not immune: This figure swells to 48.8% for Gen Z.

Channel preference for communicating with brands at different stages of the relationship (%)



Channel preference



Reality

77.2% of respondents contacted their communications operator during the past 12 months. Slightly less than half of them didn't use their preferred channel. This discrepancy between the consumer's preferred and used channel is the channel gap.

Only 1 in 2 use their preferred channels to contact communications operators.

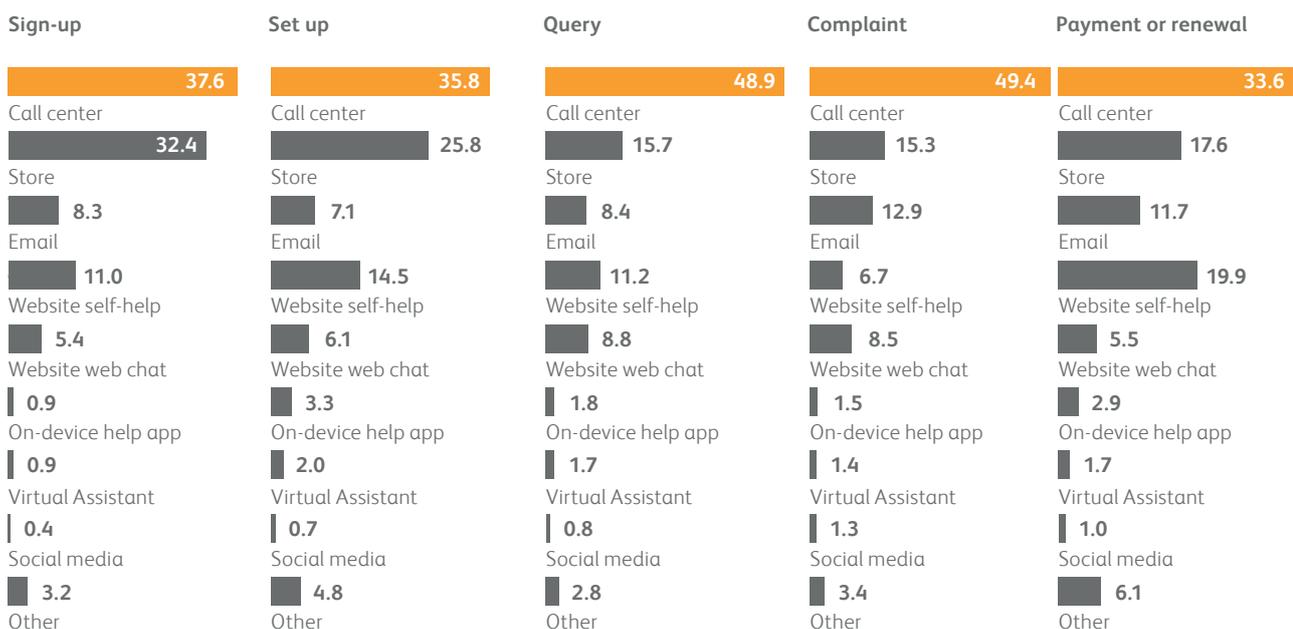
Of the 53.0% who were able to use their preferred channel to contact communications brands, 66.9% used traditional routes and 31.0% used digital.

Traditional channels dominate interactions between operators and consumers: The call center and store collectively account for 3 in 5 interactions. The most used digital channels were website self-help and email.

- Volume into operators' call centers is 1.6 times the preferred level for the channel. This rises to 1.8 times for Gen Z consumers, and 2.3 times for consumers in the Netherlands.
- In the U.K., 1 in 2 consumers contacted their operators via the call center over the last 12 months.
- Millennials are at the forefront of digital channel usage when contacting their operators, with 40.4% of Millennial consumers going online to contact communications operators.

How this combination plays out when your customers contact you is highly dependent on the convenience, or rather inconvenience, of communication channels.

Channel used to contact telecoms brands over the last 12 months, at different stages of the relationship (%)



Gap

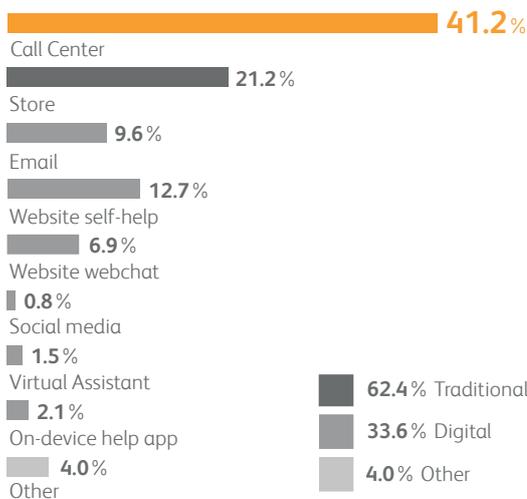
47.0% of consumers experienced a channel gap. The main reason for switching from their preferred channel was that it was inconvenient at the time (37.1%). A further 16.5% said that they did not know it was available.

57.3% of switchers opted for traditional channels. This is largely due to the call center volume increasing 15.8 percentage points in reality (41.2%) from channel preference (25.4%).

36.7% of consumers moved to digital channels. However, even digital's strongest channel, website self-help (12.7%), failed to meet consumer preference (16.0%) in communication interactions.

Consumer responses to the study tell us that brands are experiencing varying degrees of success with their omnichannel service. Some are succeeding in serving their customers when and where they want. But many more have a long way to go.

Channels used to contact telecoms brands



35.4% of consumers who switched to a digital channel would have preferred a traditional channel.

<p>Traditional:</p> <ul style="list-style-type: none"> • Retail store • Call center <p>Anything outside these parameters is referred to as Other.</p>	<p>Digital:</p> <ul style="list-style-type: none"> • Email • Website self-help • Website web chat • On-device help app • Virtual assistant • Social media
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Drivers of channel choice

Consumers told us that convenience is king when contacting brands. Regardless of age, gender or country, convenience is the number one reason for channel preference, 7.2% above the nearest rival reason.

Convenience is the number one driver of consumer channel preference.

The reasons for consumer preferences mirror the age split between those who have grown up in the digital age and those who have adapted to it.

Effort emerged as a clear motive for consumers aged 30 and under. 16.9% cited least effort, and a further 14.0% easy to find.

Habits die-hard for consumers aged 51 and over. 18.8% of them chose preferred mode of communication. Beyond this, a desire for efficiency is evident as 13.3% expect their question answered first time.

In the middle, both chronologically and in terms of preference, Generation X reported an even split between least effort and general communication preference at 15.3% each.

The sole outlier is social media, which is favored because it is easy to find; every other contact channel is preferred for its perceived convenience.

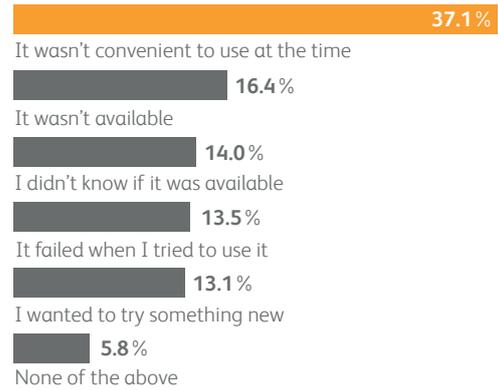
While there are drivers for channel choice, there are also factors that drive consumers away from their preferred communication channels.

Effort is a clear motive for channel preference among consumers aged 30 and under.

For communications brands, the biggest deterrent to consumers using their preferred channels is convenience, or rather inconvenience at 37.1%.

- 45.7% would have preferred to use traditional channels such as the call center (23.6%) or the store (22.1%). However, both of these channels have operating hours that can be a barrier to contact for the 24/7 consumer.
- 14.0% were unable to use their preferred channels when contacting operators because they were unaware that the channel was available. 60.9% of these consumers had a preference for digital contact.

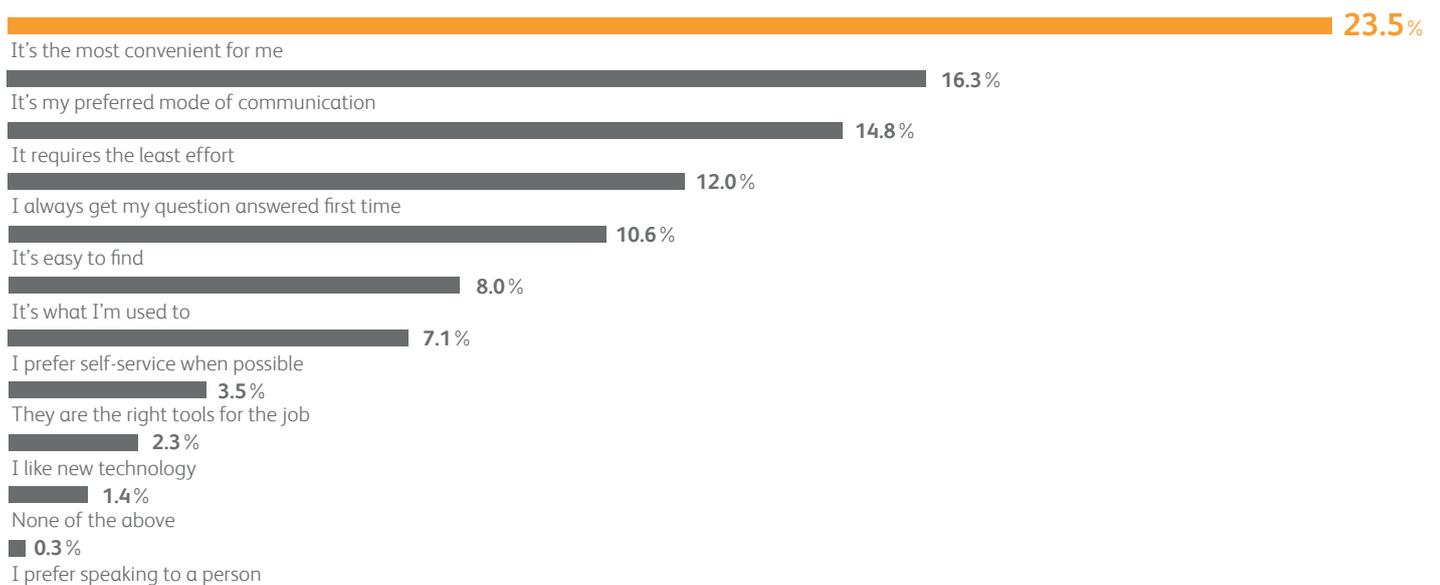
Why preferred channel was not used



- 13.5% of consumers who experienced a channel gap claimed that their preferred channels failed them. Two of the top three channels in this category are traditional channels: Store (22.1%), website self-help (18.8%) and call center (18.0%).

To satisfy such varied motives and expectations, customer care solutions need to focus on omnipresence, ease of use and satisfying the customer first time. Indeed, least effort speaks to a future in which customer care is embedded into products and services so that the consumer hardly needs think of the issues and transitions involved.

Overall reasons for communication channel preference



Bridging the gap

“Some brands are succeeding in serving their customers when and where they want. But for many more, there’s a long way to go.”

Consumer responses to the study tell us that brands are experiencing varying degrees of success with their omnichannel service. It’s time to start bridging the gap.

From the findings, we’ve identified three key points of interest:

- The rise of digital
- Rethinking the retail store
- The future of the call center

Consider each as you steer your approach to an effective omnichannel service.

The rise of digital

Customer care is at a tipping point. Digital channels are poised to overtake traditional channels for building brand relationships.

Channel preference

Given the multitude and variety of digital channels, collectively, digital contact is the preference of 46.8% of consumers. This plays out differently across countries, age groups and reasons for interaction.

Consumers' channel preference, by age group (%)

	Store	Call Center	Email	Website self-help	Website web chat	On-device self-help	Virtual Assistant	Social Media	Other	
25.9	21.1	14.2	18.4	7.3	3.9	3.1	2.4	3.6	Gen Z	
23.2	21.1	14.8	19.8	10.8	3.6	2.6	1.2	2.9	Millennial	
20.6	25.1	17.2	17.5	9.6	2.4	2.5	0.7	3.6	Gen X	
17.6	25.7	19.4	16.3	12.1	2.2	2.5	0.8	3.4	Baby Boomer	
22.1	31.8	10.1	17.7	7.5	2.5	2.8	0.6	4.8	71+	

- 53.3% of U.K. consumers prefer digital channels, compared to 43.3% for traditional. The Netherlands (52.1%) and Germany (50.2%) have also reached the tipping point, to a lesser degree. However, 54.0% of U.S. consumers and 53.3% of French consumers prefer traditional channels.
- The digital versus traditional preference shows an expected age bias. Over 50s prefer traditional channels, while digital routes slide ahead for the under 50s. This trend shows that digital will play a larger role in customer care as populations mature.
- For payment and renewal in particular, 23.5% prefer website self-help.

46.8%
of consumers prefer digital contact.

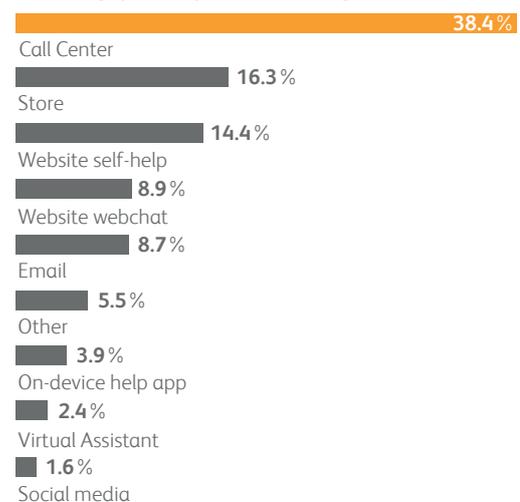
Reality

When consumers contact their communication operators, 33.7% use digital channels, which is almost half that of traditional channels (62.4%). The remaining 4.0% of volume went to other channels.

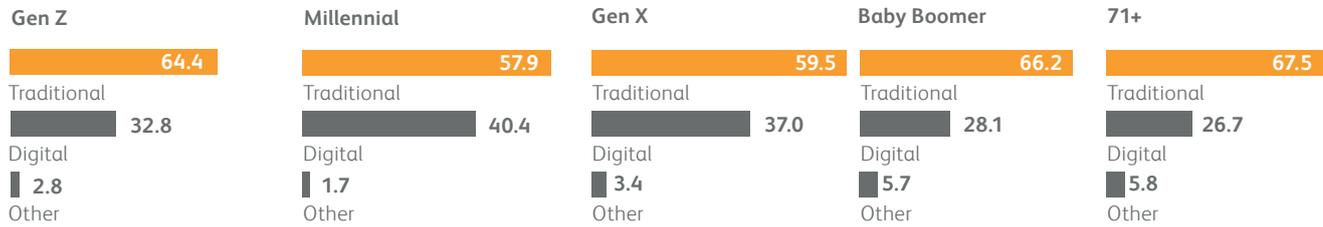
- Nearly three-quarters of consumers who use digital channels have expressed a preference for these channels.
- 53.3% of U.K consumers prefer digital channels. The Netherlands (52.1%) and Germany (50.2%) have also reached the tipping point. However, 54.0% of U.S. and 53.3% of French consumers still prefer traditional channels.
- There's a time and a place for digital contact; 1 in 5 consumers used website self-help for payments and renewals, while email was the preferred digital route to lodge a complaint (12.9%) and website web chat was most used to answer queries (8.8%).

When consumers are unable to use their preferred digital channels, only 39.8% stay within the digital landscape. In fact, 2 in 5 fall back to the call center, accounting for 36.7% of all call center volume in the last 12 months.

Channel gap when preference is digital



Channel class used, by age (%)



Of these fall-back consumers, 1 in 4 cited the unavailability of their preferred digital channels as the reason behind their migration. A further 15.6% claimed that operators’ digital channels had failed when they tried to use them.

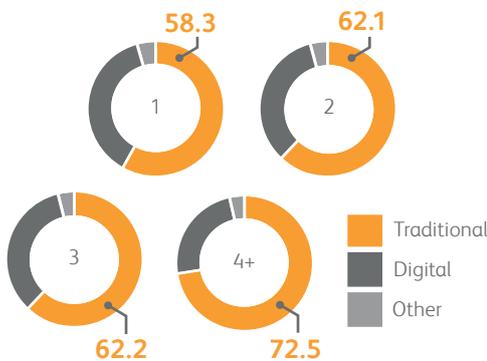
This suggests digital consumers who are jaded by operators’ contact strategies, who feel they have no other choice than to turn to traditional channels.

In fact, the more that consumers need to contact their communications brands, the more they turn to traditional channels. These interactions swelled from 58.3% at one interaction to 72.5% at four or more.

After three of four, interactions, the popularity of traditional channels rises by 10.3%. Meanwhile there is no marked impact on the volume into other channels. The fourth interaction is the turning point, where consumers lose patience with self-solving in favor of traditional routes to a solution.

As digital channels continue to become more sophisticated and discoverable, telecom consumers’ continued dependence on traditional channels will wane in the coming years.

Channel class used, by number of contacts (%)



There is a **24.5%** increase in traditional contact between one and four brand interactions

Rethinking the retail store

The power of e-commerce has seen the fate of the retail store be the subject of numerous debates in recent years.

Well the results are in. Consumers have told us, loud and clear, that the retail store is here to stay. Maybe it's time for the communications industry to rethink its retail strategies.

Channel preference

Across our survey, consumers young and old continue to share a preference for the store.

- To consumers, at least, the store is an integral part of the customer journey; it's where it starts. For sign up and set up, the face-to-face contact of a retail store remains their most preferred route, with 37.7% and 24.9% respectively.
- More than 1 in 4 Gen Z consumers prefer going in-store to interact with brands, regardless of whether it's to pay, sign up or complain. As this generation's economic power grows, so too will the importance of the retail store in the omnichannel mix.
- Consumers in the Netherlands and Germany prefer in-store interactions over any other channel, at 29.3% and 28.7% respectively.

Reality

When consumers interact with communications operators, one in five chooses the retail store.

- 21.2% of interactions between operators and consumers over the last 12 months occurred within the bricks and mortar of a retail store. In fact, the pull of the store is so strong that 21.2% of these interactions were with consumers whose preference it is to contact the call center.
- 32.4% of sign-ups were performed in-store; twice the number of complaints.
- The retail store is the channel of choice for 1 in 4 U.S. consumers when contacting operators, higher than any other country surveyed.

Retail stores are not without their drawbacks, consider the limitations of geography and opening times for the consumer.

Even so, they remain a channel of both preference and use; a strong indication of the continued importance of face-to-face contact at every stage of the customer lifecycle.

1 in 4
Generation Z consumers
prefer going in-store to
interact with brands.

Future of the call center

Or should we be asking, what future of the contact center?

The pull of the call center undeniably remains. However, this pull is largely due to the failings of other channels; even when consumers would prefer to contact the call center, if a better option is available, they will take it.

However, it seems there will always be a place for the call center, in some form, in the channel mix.

Channel Preference

The call center is the channel of choice for 25.4% of consumers. That is, only 1 in 4 consumers prefer a channel that, in 2014, accounted for up to \$75 billion in spending in the U.S. alone.

- 23.5% of consumers prefer to speak to a person when interacting with brands. Of these, 85.4% are aged 31 and over.
- The call center dominates for the most complex interactions: customer queries (30.0%) and complaints (35.7%).
- The call center overtakes the store as the number one channel of preference in the U.S. (31.8%), U.K. (25.7%) and France (27.4%).
- Baby Boomers prefer the call center above all other channels, at 28.5%.

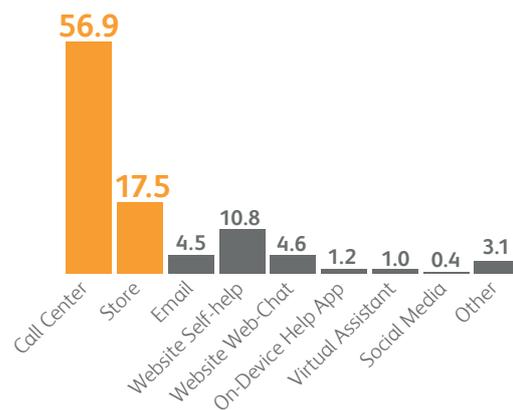
Reality

Between preference and interactions with communications operators over the last 12 months, the call center went from the preferred channel of 25.4% of consumers to the actual channel of choice of 41.2%.

- 49.3% of U.K. consumers contacted their operator via the call center.
- The call center is the most used channel for complaints, at 49.4%. This complaint volume is around 1.4 times the consumers' reported preference for the channel, indicating a movement among complaining customers to more costly channels.

Of consumers who reported a preference for call center, only 59.4% actually used this channel. This indicates a significant channel gap; in fact, almost 1 in 4 used digital channels instead of their stated preference.

Channel used when preference was for the call center (%)



The story of the call center illustrates the varying degrees of success achieved in brands' omnichannel communications. Consumers will be indifferent to the channel as long as the solution it provides is both convenient and available.

However, some brands continue to depend on the call center to take the load, forcing their customers to seek contact via channels they wouldn't otherwise choose.

Consumers' demands to have the option to speak to a person alongside a growing digital menu of channels will see the call center both endure and change.

2. Satisfaction and loyalty

An accepted truth is that high customer satisfaction is the strongest indication of customer loyalty, as well as their intent to repurchase or leave.

However, it is often accompanied by lesser truths, such as a customer will only ever get in touch if they are dissatisfied. And that the key to customer satisfaction is minimal brand interactions, right?

Not anymore.

Increasingly, brand satisfaction is intertwined with the contact you have with your customers throughout the lifecycle. From sign up and set up, to query and complaint resolution, through to payment and renewal.

In the communication realm, at least, this contact makes or breaks customer satisfaction and protects future loyalty.



Growing customer demands

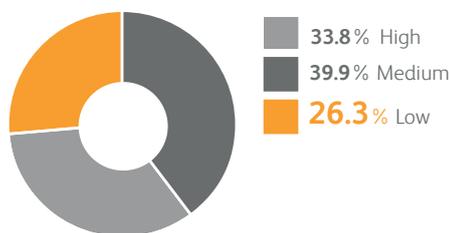
The rise of the multi-industry company, and technological advances over the last decade have raised customer expectations to new heights. As a result, customer satisfaction is no longer fenced into traditional industry silos.

Consumers increasingly use their experiences with brands from varying industries to rate the performance of communications operators.

And communications operators are suffering for it.

In an industry where, over the last 12 months, 77.2% of consumers contacted their communications operator, 2 in 5 consumers report high dissatisfaction.

Consumers' satisfaction with communications operators



- When compared to high customer dissatisfaction in technology (14.5%) and media (23.5%), communications consumers are the most dissatisfied (26.3%).
- U.S. consumers are most likely to be highly dissatisfied, at 35.5%.
- There is a strong age bias in how consumers rate operators' performance: younger generations are the most dissatisfied with their operators (39.2% of Gen Z highly dissatisfied), while older generations are the least dissatisfied (only 18.6% of consumers ages 71 and over are highly dissatisfied.)

77.2% of consumers had reason to contact their communications operator over the last 12 months.

Brand dissatisfaction climbs with the number of operator-consumer interactions, too.

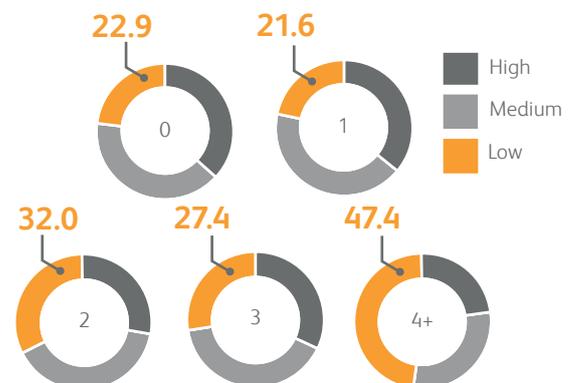
Between zero and two interactions over a 12 month period, brand dissatisfaction increases by 10 percentage points. Between zero and four interactions, dissatisfaction doubles from 22.9% to 47.4%.

It is clear that operators give their customer good reason to seek contact for whatever reason. But worse than this, operators are failing to make the most of the interaction opportunity. In fact, they're making it worse.

When compared, consumer satisfaction with a brand interaction and brand satisfaction largely align.

In instances where there had been contact with a communications operator at any stage of the ownership lifecycle in the last 12 months, support satisfaction and brand satisfaction are completely aligned 44.0% of the time.

Brand satisfaction by number of brand interactions (%)



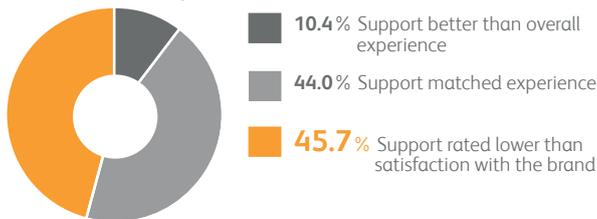
That is, if a consumer was highly dissatisfied with their interaction, 44.0% of the time, they were also highly dissatisfied with the brand.

While interactions present an opportunity to nurture high satisfaction, operators are overwhelmingly dissatisfying customers with prolonged customer care queries. In fact, 33.0% of all communications' brands contact with customers were a part of a catalogue of exchanges at least 4 interactions long.

If issues were resolved in half as many interactions, telecoms' overall contact volume would fall 16.7%.

45.7% reported brand satisfactions that exceeded their support satisfaction, indicating that while support can influence brand satisfaction, it is not the only influential factor.

Consumer satisfaction following contact with a communications operator



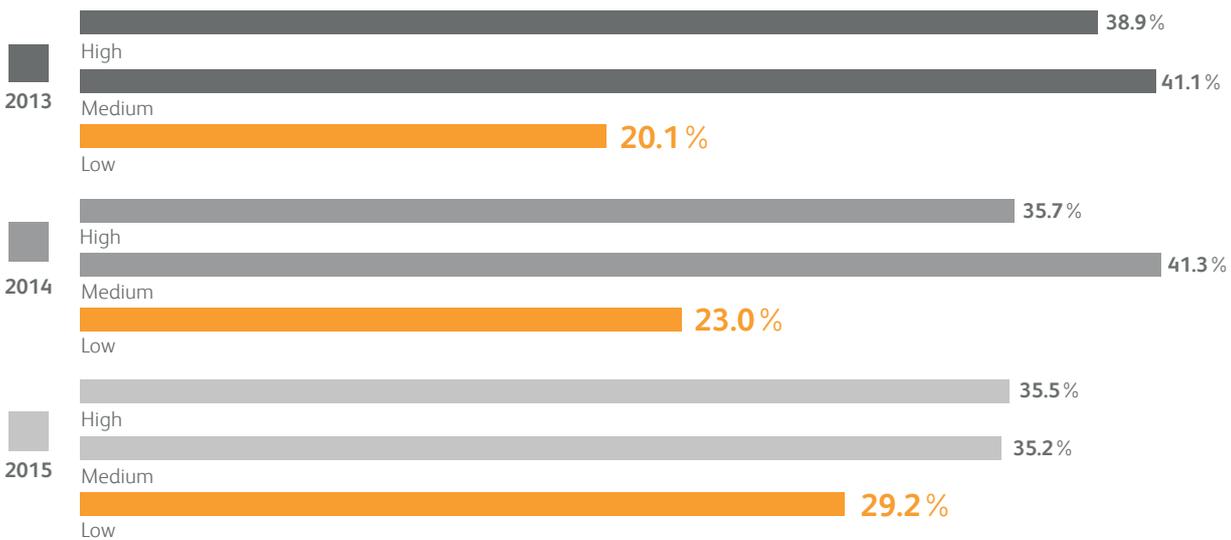
High dissatisfaction doubles between zero and four interactions with operators.

Communications satisfaction tracker

We are able to track consumers' satisfaction with communications operator brands in the U.S. and U.K. over the last three years, thanks to our 2013 and 2014 Mobile Loyalty Audits. Comparing their figures against this 2015 survey, we find that consumers have become increasingly hard to please. High satisfaction has fallen year on year, while low satisfaction has risen each year.

In 2013 levels of high satisfaction with communications operators stood at 41.1% and low satisfaction at 20.1%. By 2015 high satisfaction had dropped to 35.2% and low satisfaction had risen to 29.2%.

Consumers' satisfaction with telecom operators, 2013, 2014 and 2015



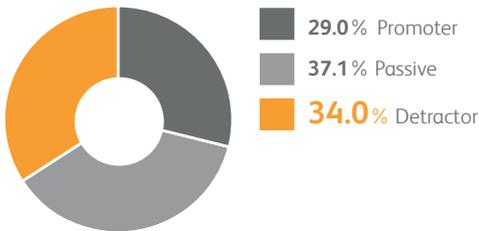
Making recommendations

The age of the peer recommendation is not over, but in 2015 it does not follow a flat, direct relationship.

While only 7.6% of consumers would switch brands due to a recommendation from friends or family, over 1 in 2 consumers recommend brands to friends and family.

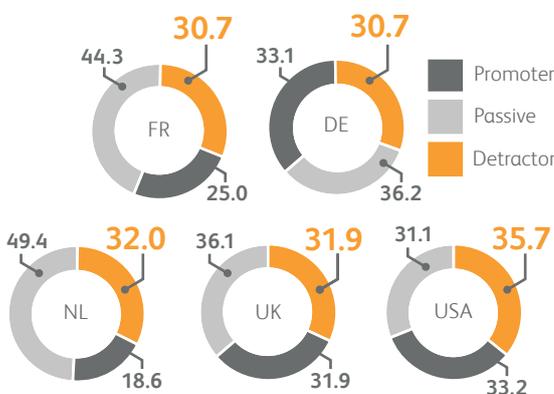
This likelihood to recommend falls to 29.0% for communications operators, who collectively have an average Net Promoter Score® (NPS) of -8.6.

Communications operators Net Promoter Score

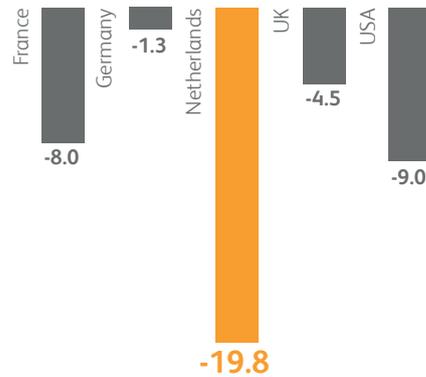


- More than 1 in 3 communications customers are detractors.
- Consumers consistently rank their operators negatively across territories, with German consumers the most positive, at -1.3. The Netherlands has by far the lowest NPS, at -19.8.
- Among brands, Three Mobile has the highest NPS at +28.6, followed by Tracfone (+23.4) and Tesco Mobile (+19.5).

Operator NPS, shown as percentages, by country



Communications operator NPS, by country



Who gets heard?

If the majority of consumer recommendations are seen but not heard, which voices do consumers looking for advice listen to? A subset of consumers have an unusually high NPS score (+42.7) across all product types in our survey.

While small in number, they make up only 3.1% of the population; they are society's influencers, and brands' early adopters. True radicals who would invariably seek out a fundamental change to the way they engage with brands, and act as a promotional tool on behalf of telecom operators.

1 in 3 telecoms customers are likely to vocalize their criticism of operators to their friends and family.

Promoter tracker

Consumers have become less shy. They've awakened to the concept of giving recommendations. As with operators' customer satisfaction, we are able to track their NPS in the U.S. and U.K., year on year from 2013 to 2015.

Passives have fallen sharply over the last three years (from 63.5% to 32.8%), while detractors have increased year-over-year from 23.5% to 34.4%.

These figures confirm that today's communications customer is indeed more demanding, and willing to air her grievances with a brand.

Some would argue that years of low satisfaction and shared criticism rendered operators and consumers alike tolerant of this rampant dissatisfaction. It just comes with the territory, the hallmark of a service on which consumers are highly dependent.

Well, not anymore. As consumers increasingly break down the silos between the brands in their lives, they are comparing operators to tech brands, supermarkets and banks. And some of these brands are taking up the opportunity this presents to them. Some of the strongest MVNOs are from retail conglomerates, not to mention Google and Apple's (tentative) plans to enter the market.

As 53.1% of consumers claim that they would be happy with having just one supplier for all their devices, media and communications services, communications operators may find themselves holding the short straw in this new competitive landscape.

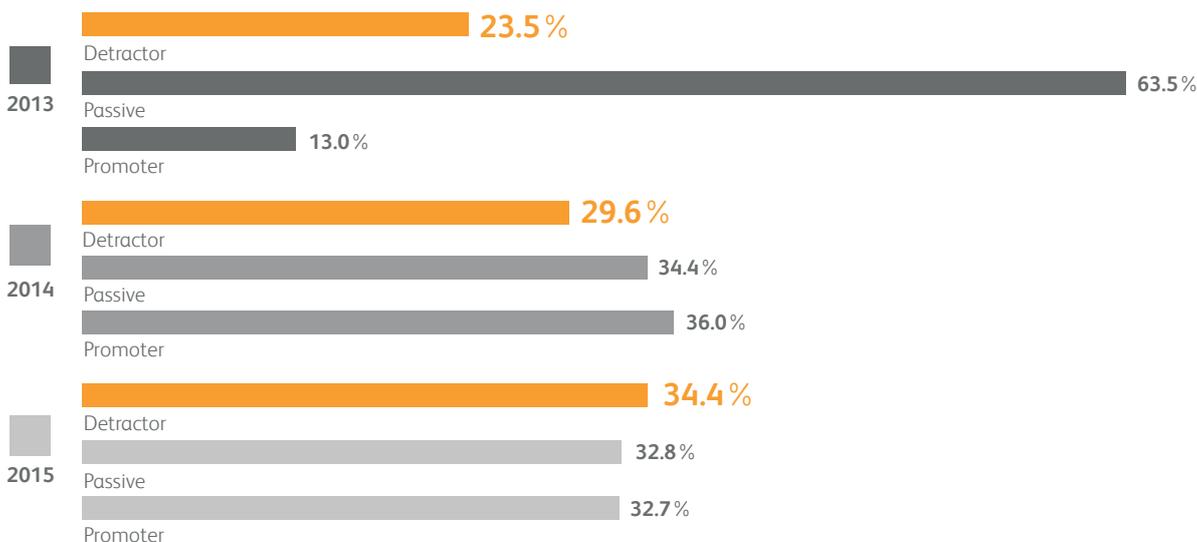
Net Promoter Score (NPS) is a key indicator of business performance for mature, competitive industries. It identifies the level of advocates (promoters) and critics (detractors) within a customer-base, offering an indication of customer satisfaction.

Responses are converted into scores between the range of -100 (everyone's a detractor) to +100 (everyone's a promoter). Generally, an NPS higher than zero is good news, but 'excellence' is indicated by an NPS over +50. High NPS scores are thought to correlate strongly with profitable customer behavior, such as repurchases and positive reviews and referrals.

Net Promoter, NPS, and the NPS-related emoticons are registered service marks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld.

For the first time in three years, there are more detractors than passives or promoters in operators' customer-bases.

NPS tracker for communications operators in U.S. and U.K., 2013 – 2015



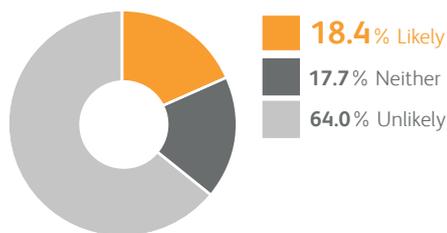
To switch or not to switch

The increasingly strained relationship between consumer and telecom operator puts customers' demands, loyalty, and switch risk at the heart of profitability.

Thus, operators have made churning as difficult and painful as possible. And consumers, it seems, are aware.

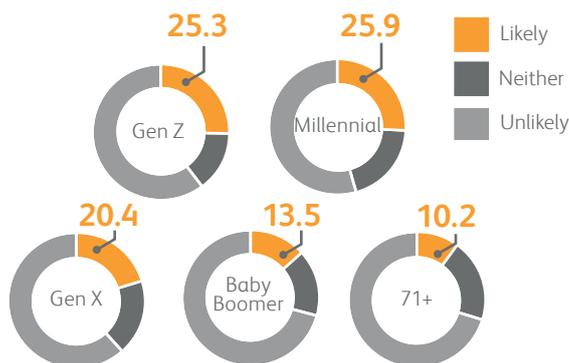
Communications operators enjoy a largely loyal, if inert, customer base, with 64.0% saying they are unlikely to switch in the next 12 months.

Likely to switch communications operator in next 12 months



This is at odds with a consumer-base that is more dissatisfied than satisfied, and is largely detractive; indicating that loyalty and churn in telecoms is dependent on more than just satisfaction.

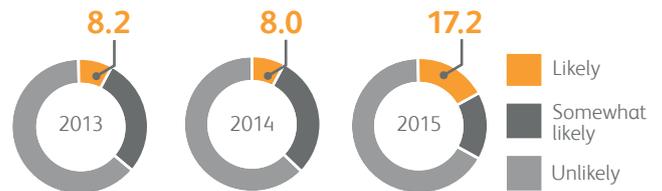
Likely to switch telecoms operator in next 12 months, by age (%)



- French consumers are the least committed to their operator, with 42.4% either likely or undecided about switching brand in the next 12 months.

- Switch risk is dependent on age. Younger generations are more likely to be on the lookout for greener pastures. Over 1 in 4 under 30s expect to switch telecom operator over the next 12 months, while only 10.2% of 71+s are considering it.

Likely to switch communications operator tracker, 2013 - 2015 (%)



When tracking back over WDS Mobile Loyalty Reports from 2013 and 2014, consumers in 2015 have more definitive ideas about whether they want to switch or not. Both likely and unlikely has gone up in 2015.

- Those likely to switch has increased from 8.3% to 17.2% between 2013 and 2015.
- Those unlikely to switch has increased a little, from 63.4% to 66.2%.

This inertia presents operators the opportunity to turn the tables over the coming 12 months.

One brand ecosystem

In years to come, churn won't be the industry's key indicator of loyalty. As industries continue to converge, loyalty will be measured by a customer's propensity to sign up for more.

While only 30.9% of consumers use just one brand across all of their communications services, 51.3% claim they would be happy using one supplier for all their technology, communication and media. Of these, 42.2% would prefer that single supplier to be their current communications operator.

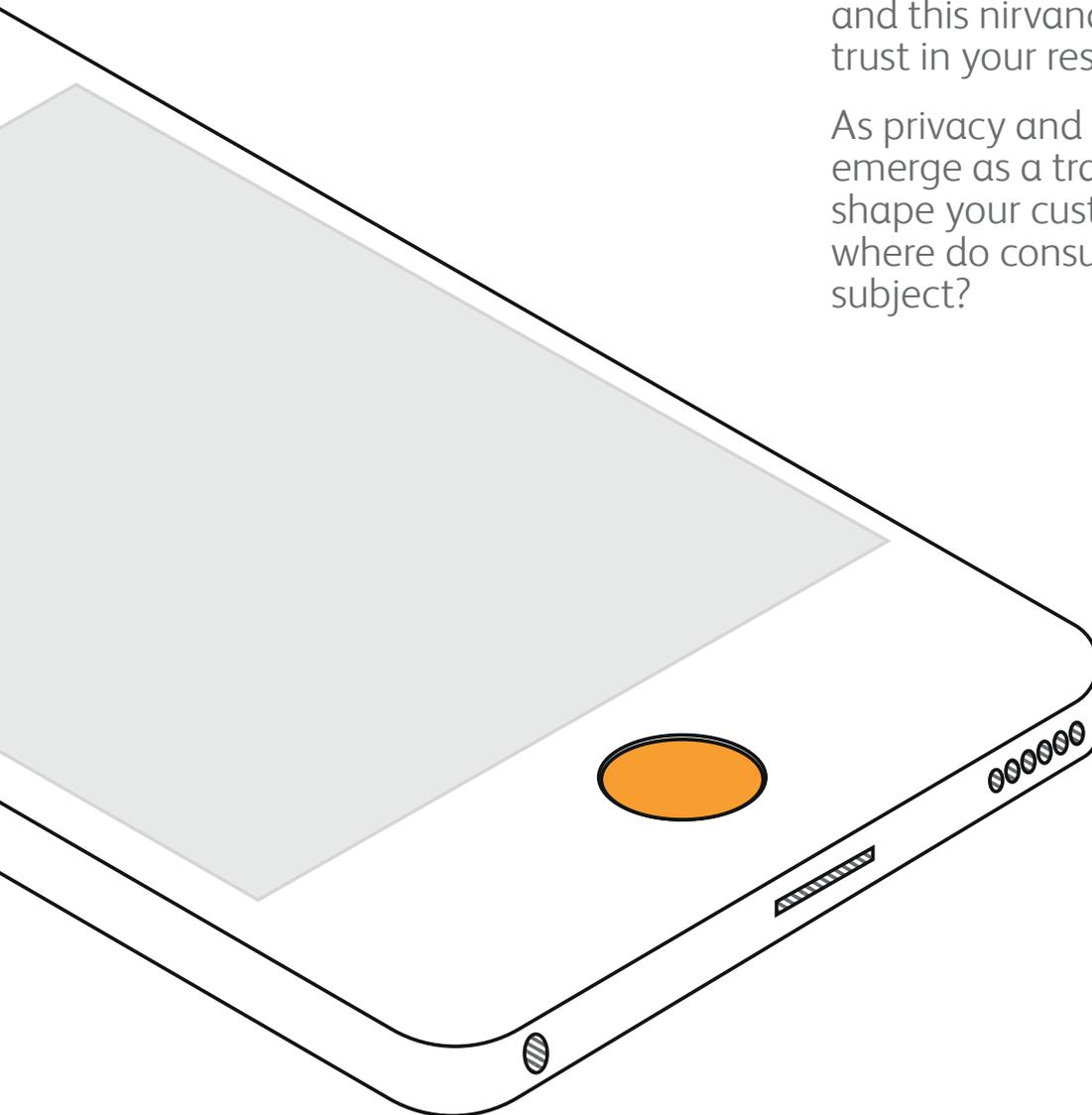
This illustrates a huge opportunity for technology brands to position themselves at the heart of their customers' worlds. Not just in the short term via adjacent communications services. But in the long term with adjacent offerings too.

3. Privacy and personalization

With the advent of smart automation and artificial intelligence, personalization is more scalable and deliverable than ever before.

However, in order to deliver the best relationship to a massive customer base, you first need to make their personal data work for you. There's just one road-block between you and this nirvana: your customers' trust in your respect for their privacy.

As privacy and personalization emerge as a trade-off that will shape your customer relationships, where do consumers stand on the subject?



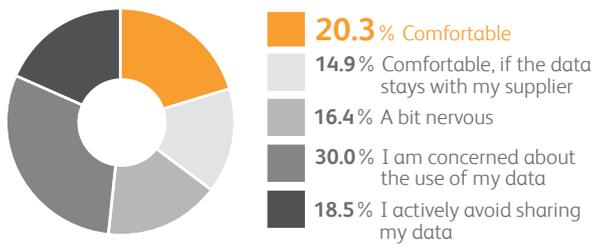
Privacy vs. personalization

Every day, consumers and brands juggle with their discomfort and expectations over privacy.

It's a negotiation over data for personalization. And of insight for customer experience.

In the communication realm, this dance decides the functionality and features consumers can enjoy. If a consumer forfeits her location, she can enjoy navigation services to anywhere on Earth; if she shares everything, her device may just make everyday life easier.

Consumer comfort with brands using their personal data to personalize products/services



That said, 18.5% of consumers report being so uncomfortable with brands' use of their personal data that they actively avoid sharing their data, even if it is to improve the services they get for their money.

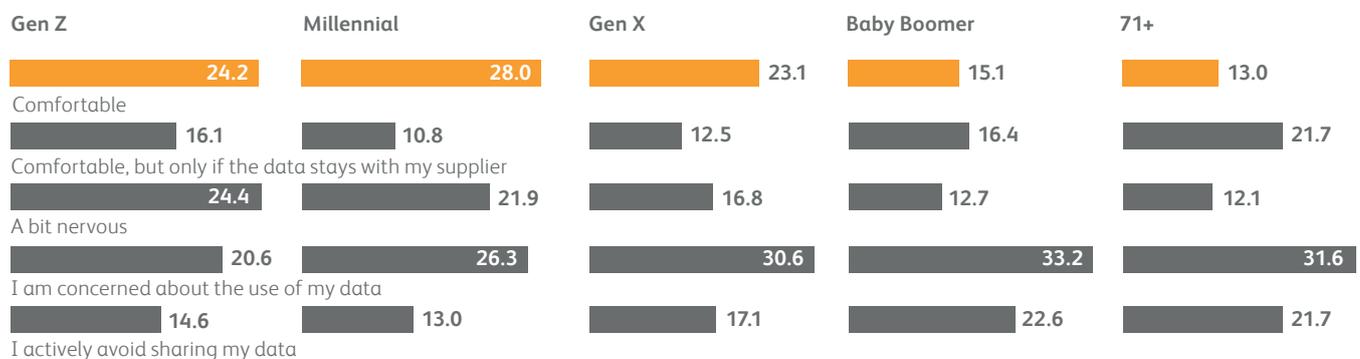
1 in 5 consumers are comfortable with the use of their personal data.

- Millennials are the age group most comfortable with the use of their data, 28.0% responded with the highest level of comfort. In contrast, more than 1 in 2 of over 50s reported a degree of discomfort with brands' use of their personal data.

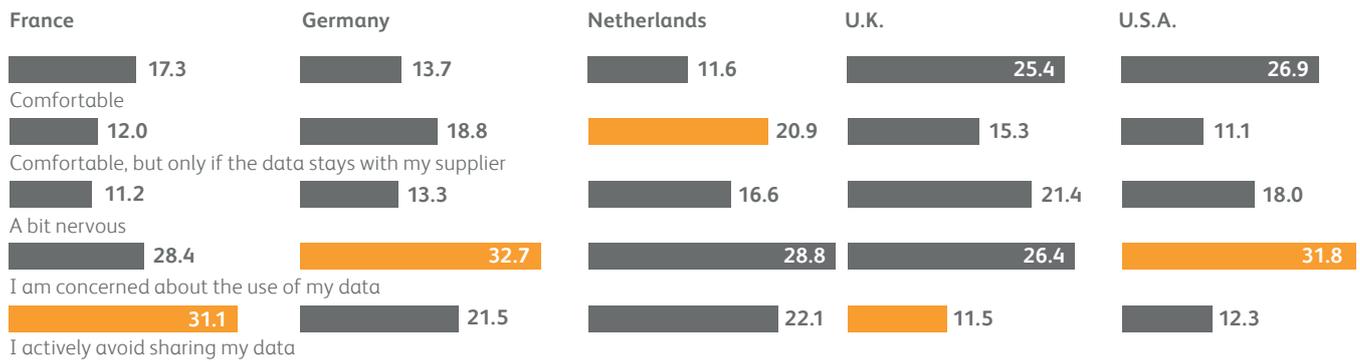
Only 1 in 5 consumers are comfortable with the use of their personal data by brands.

- French consumers are the most uncomfortable with the use of their personal data. Almost 1 in 3 actively avoid sharing their personal data with brands.
- Consumers in the U.K. are most comfortable, and the least concerned, with the use of their personal data by brands.

Overall consumer comfort with brands using their personal data to personalize products/services, by age (%)



Overall consumer comfort with brands using their personal data to personalize products/services, by country (%)



While consumers are forthcoming with their high levels of discomfort when it comes to brands and their personal data, they are not as mobilized when it comes to taking back control.

1 in 4 consumers would pay more for increased transparency of what brands do with their personal data. However, it's not everyone's first choice as a service they would pay for.

In fact, it has the highest incidence as a third choice, behind more immediate concerns such as access to innovation and better customer care.

Almost 50% of consumers are concerned by brands' use of their personal data, but only 25% see data transparency as an investment they're willing to make. So where does that leave communications operators?

Footing the bill.

56.9% of consumers believe that, in 10 years' time, they will have complete control over their personal data.

1 in 4 consumers would pay more for increased data transparency from brands.

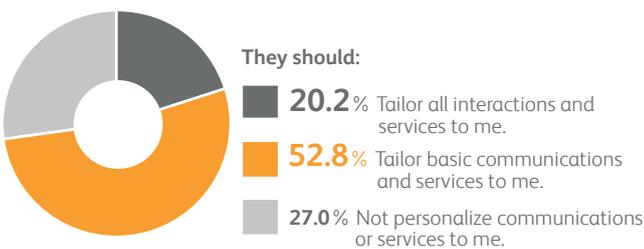
Customer expectations

If a consumer decides to maintain her privacy, does it matter if, in turn, she expects no personalization?

Alternatively, if she is comfortable with brands' use of her data, and shares it, are brands thus accountable to fully personalize her experience? Not yet.

Only 3 in 10 of consumers who are fully comfortable with operators' use of their personal data expect that all brand interactions be tailored to them. They do, however, expect basic communications to be tailored to them (51.2%).

Consumer expectations for personalization from communications operators

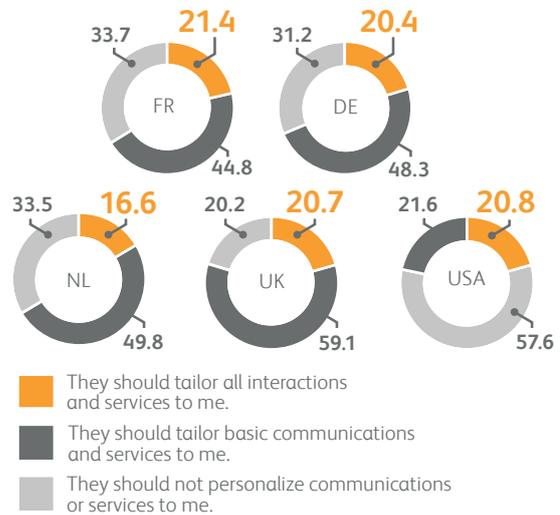


Overall, 1 in 2 consumers expect their communications operators to tailor basic communications to them. A further 1 in 5 expect all interactions with operators to be personalized.

- In the U.K. and U.S., where personalization is most welcomed, the highest numbers think that communications should be basically tailored, with 59.1% and 57.6% respectively.

- French consumers have the strongest views on personalization from operators. While France has the highest level (33.7%) who want no personalization, it also has the highest level (21.4%) who expect all communications to be tailored to their needs.
- Almost 3 in 4 Gen Zs expect some level of personalization from their communications operators (either basic or fully tailored).

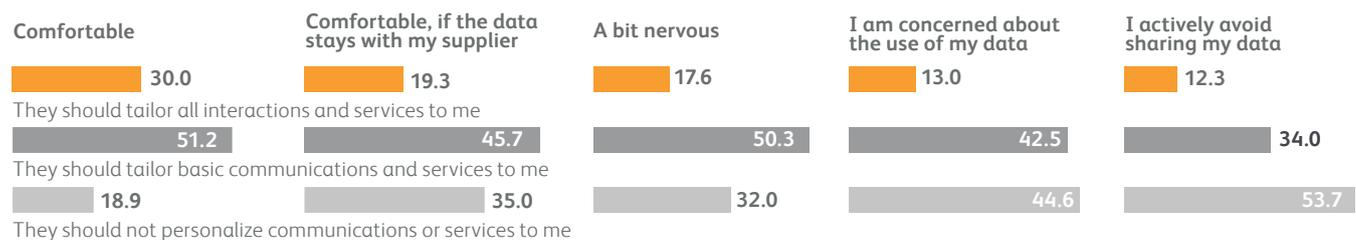
Consumer expectations of personalization, by country (%)



Predictably, consumers' expectations of personalization from communications operators are directly related to comfort with brands' use of their personal data.

12.3% of consumers who actively avoid sharing their data with brands miraculously expect communications operators to personalize all services and interactions to them. A further 34.0% expect basic personalization.

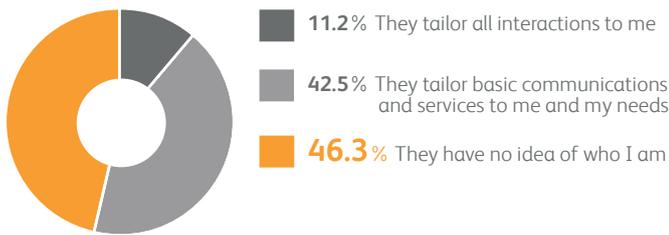
Consumer expectations of personalization from telecoms brands, by comfort with brands' use of their personal data (%)



18.5% of consumers actively avoid sharing their data with brands.

In this sea of expectations, less than 11.2% of consumers feel that their communications operator tailors all interactions to them, with 46.3% feeling that their operator has no idea who they are.

Consumer perceptions of personalization from operators

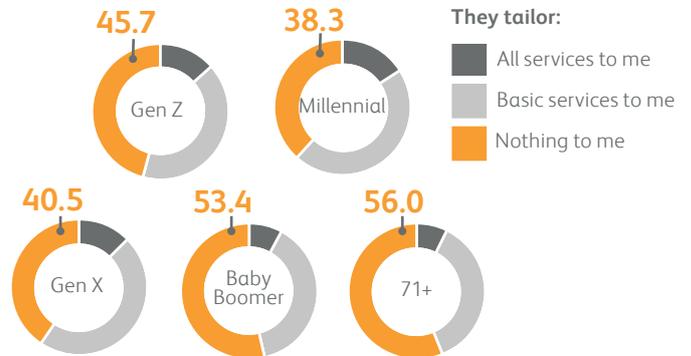


Across all countries and age groups, operators fall short on delivery against expectations. They fail to deliver even basic personalization in communication and services to 46.3% of consumers.

- In the U.K., where consumers are most open to sharing their data with brands, 79.8% expect at least basic personalization. But operators fell short by a quarter (59.6%).
- German consumers experience the least personalization from communications operators; 53.6% say their operators have “no idea who I am.”
- Over 71s are the age group that feels the least understood: 56.0% say that communications operators have “no idea who I am.”

- Younger generations feel somewhat understood by their communications operators, with 16.1% of Millennials and 13.5% of Generation Z saying that all interactions are tailored to them.

Consumer perceptions of personalization from operators, by age (%)



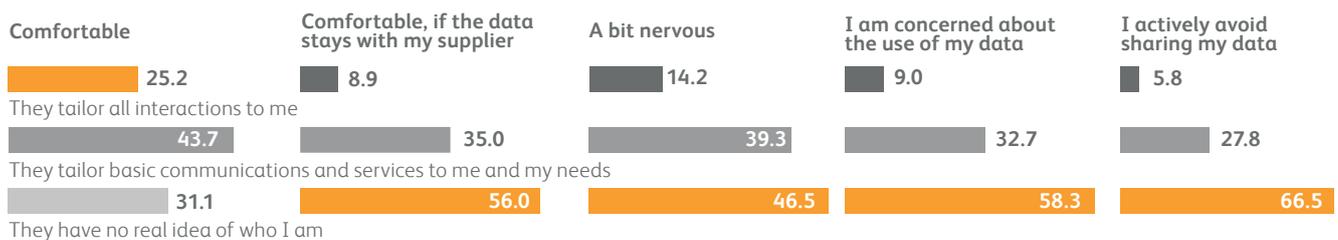
Consumers who are comfortable with sharing data report greater personalization from their operators. Meanwhile, as you would expect, those who actively avoid sharing data feel the most misunderstood.

However, there exists a personalization bulls-eye; where brands get the privacy plus personalization equation right and consumers feel they are understood.

Consumers who are comfortable with brands’ use of their personal data are reaping the rewards of data sharing with operators. 22.8% of them report that all interactions with the communications operators are “completely tailored to me.”

In contrast, almost 62.3% of those who actively avoid sharing their data with brands feel that their telecoms brand has no real idea who they are.

Consumer perceptions of personalization from operators, by comfort with brands’ use of their data (%)

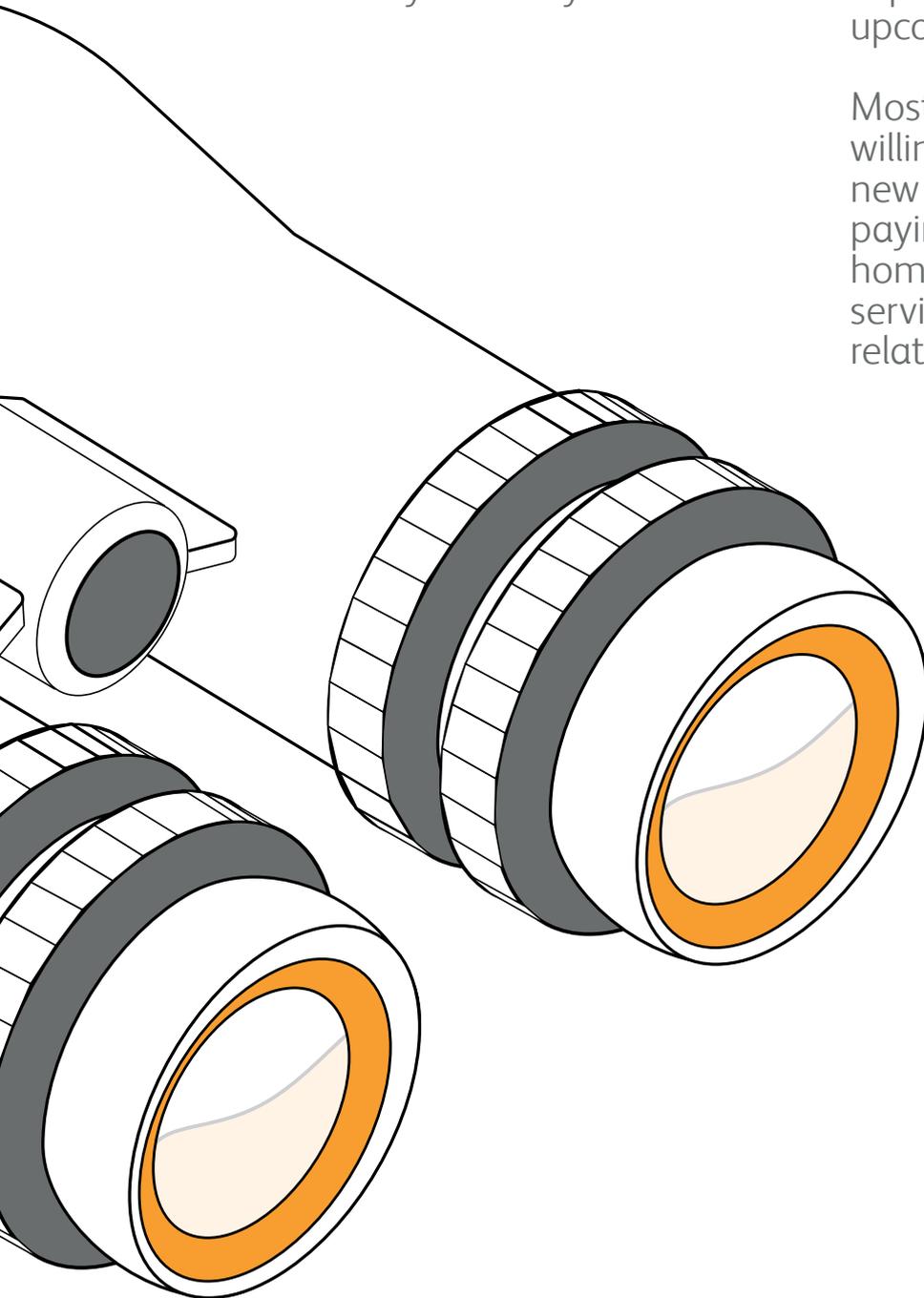


4. Looking ahead

Consumers told us that they will expect more from their relationships with brands tomorrow than they do today.

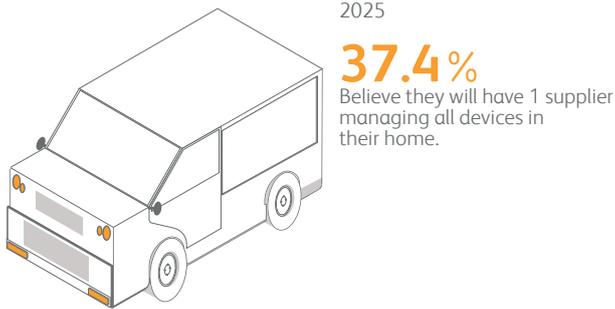
Understanding consumers' view of the future gives us a window into the development of their expectations, and a head start on upcoming opportunities.

Most striking of all is consumers' willingness to pay for more. The new economy will see consumers paying not for increasingly homogenized products and services, but for the brand relationship and support.

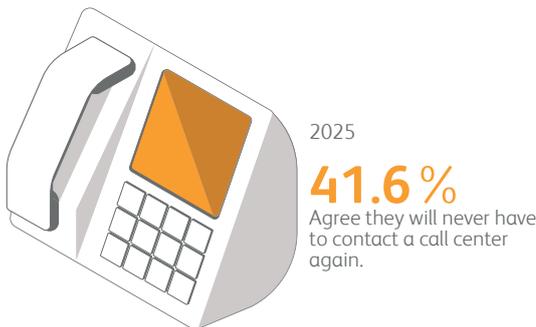


Where will we be in 2025?

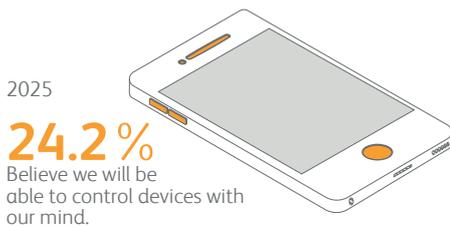
Consumers expect the technological leaps and bounds of the last decade to continue over the next one; reshaping the way they live, work and communicate.



In fact, the importance consumers put on telecommunication services is set to increase dramatically in the next decade. 68.8% of consumers predict that by 2025, Internet access will be a basic human right. Where does that leave operators?



Today, 51.3% of consumers are comfortable with the idea of buying into a single brand for all of their technology, communication and media. In a decade's time, 53.1% of consumers expect to have bought into such a one-brand ecosystem. By 2025, brands can expect exceedingly more intimate relationships with their consumers, with 37.4% believing a single supplier will manage their home.



2025



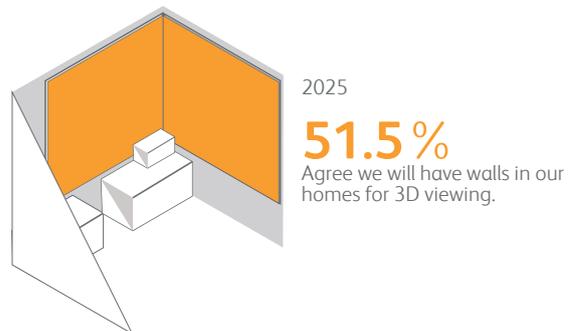
In these branded homes, 19.6% expect to have a robot butler, almost half think that walls will be used for 3D viewing in line with Isaac Asimov's 1964 prediction. A further 23.3% of consumers think they will be able to control devices, such as cars or indeed robot butlers, with their mind.

2025



In this constantly connected – by right – world, 56.9% also believe that they will have complete control over their personal data. French consumers are the most positive about the progress of the state of data privacy, 70.0% of them believe they will have complete control over their personal data by 2025.

Most disruptive of all, one third (33.6%) of consumers believe that Isaac Asimov's prediction of a society of enforced leisure will be a reality in 2025. Asimov's prediction was based on the development of artificial intelligence giving machines the ability to take over most jobs, and if it comes to pass it will indeed be the end of the world as we know it as the nature of work, leisure, income, and value will be turned upside-down.



The end of customer care?

Customer care is at a crossroads.

Communications operators are set to spend the next year embracing digital communication channels to build truly omnichannel offerings that will balance digital and traditional in a totally new way.

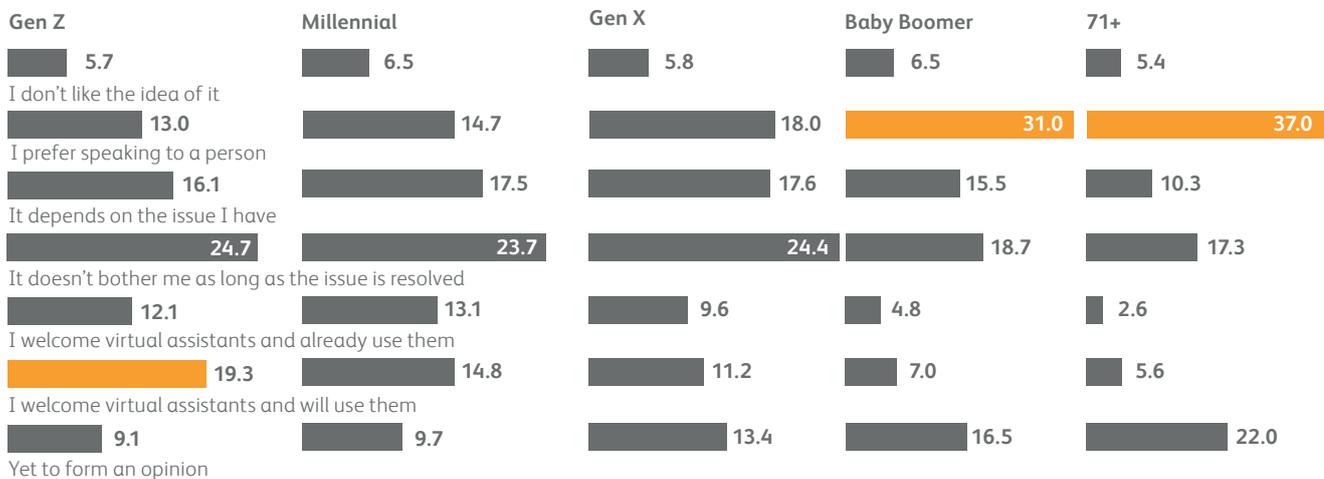
Probably the most radical change will be witnessed in the call center.

The call center has been the pinnacle of customer care since the birth of the industry. However, 41.6% of consumers do not see a place for call centers in 2025; they predict that by then they will never have to contact a call center again.

While the majority disagree with the statement, the more contentious view only narrowly falls short of the status quo. The end of the call center is a popular, shared opinion. Or at the very least, wishful thinking.

41.6% do not see a place for call centers in 2025.

Respondents' views on virtual assistants, by age (%)



What can we look forward to?

A virtual assistant is an automated program that can communicate directly with customers to answer their questions. Examples include Apple's Siri, Google's Now, Microsoft Cortana and chat bots.

A conversational form of automated intelligence, virtual assistants will become increasingly sophisticated, handling high quality, personalized interactions between individuals and brands. They are expected to deliver value savings to organizations that adopt them.

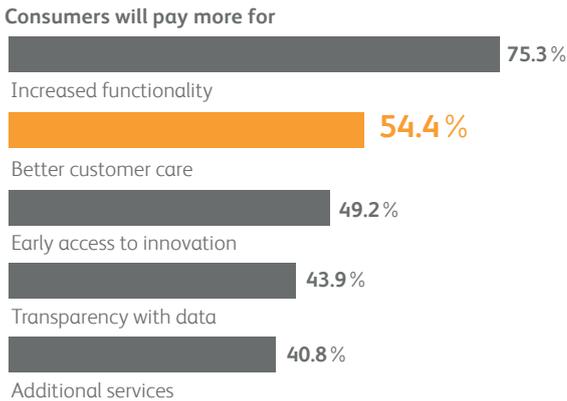
Unleashed on the general public only 4 years ago, today 10.5% of consumers have use virtual assistants. While adoption of virtual assistant technology - to communicate with brands or otherwise - is may be in its infancy, but there is a general sense of openness to this new technology.

Overall, 56.1% of respondents would be happy to use a virtual assistant in the future, and 14.5% are yet to form an opinion. Demographically, the concept appeals to younger consumers, with 72.2% of Generation Z open to this new form of artificial intelligence, in contrast to only 35.8% of over 71s.

With consumers open to the idea of virtual assistants there's a competitive opportunity for early adopters of virtual assistant support.

Put a price on it

When information is increasingly free, what are consumers willing to pay for? Believe it or not, functionality.



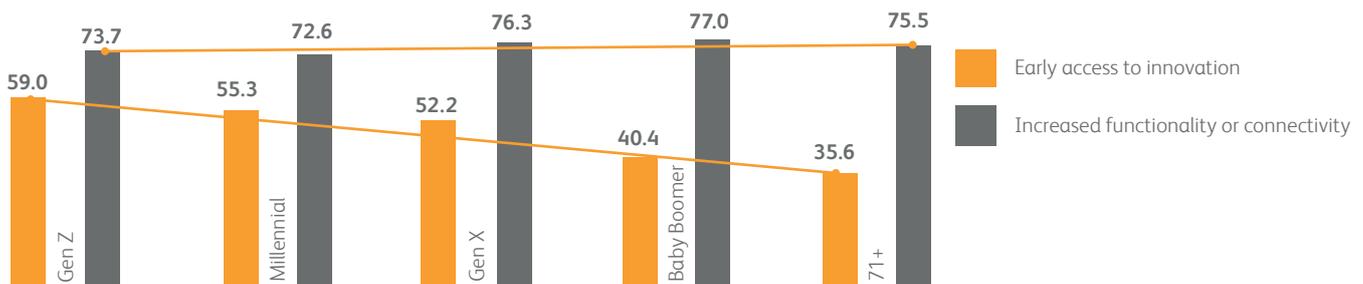
We asked consumers what they would be willing to pay more to secure. From increased device functionality to better customer care, early access to innovation, to increased data transparency. And even access to additional services such as DropBox.

When presented with these options, 21.7% of consumers declined to pay more to secure improvements to the products or services from brands. But 78.3% were willing to pay more.

Of these, an astounding 3 in 4 would pay more for increased functionality, while a further 54.4% would invest in enhanced customer care.

The opportunity for operators to give consumers the power to choose, and pay for, the services they receive will only grow over the coming decade.

Pay for more: innovation versus functionality (%)



Consumers under 30 are the most willing to pay for improvements to the services they receive; only 10.6% were against the concept.

The future is functional

While most brands focus on innovation and being the first to launch the latest and greatest technological developments, consumers hold strong preference for services that work over the latest innovations.

The willingness to pay for increased functionality is consistently over 70% across all age groups. In contrast, early access to innovation is only deemed a priority for 59.04% of Gen Z, and this figure falls with age.

3 in 4 consumers would pay more for increased functionality.

These statistics highlight overwhelming consumer frustration with services. A frustration that is stronger than a desire for the status of the latest innovations.

It's also an opportunity to do better.

Enhanced customer care

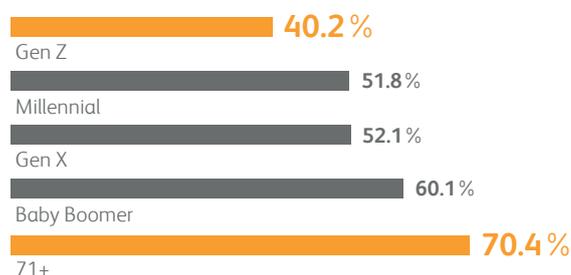
Customer care will change, whether by choice or by customer demand.

Don't think the demand isn't there. It is.

In fact, 54.4% of consumers willing to pay more for improvements are willing to pay more for enhanced customer care.

This can manifest itself in the guise of increased support agent expertise, the eradication of queues, or even a seamless omnichannel support experience.

Willingness to pay for enhanced customer care, by age group.



French consumers are the most likely to pay more for enhanced customer care, at 35.5%; they are followed by their neighbors in the U.K. (34.3%) and Germany (32.0%).

The thirst for better service spans an exceptionally wide age range, consumers today see it as a worthwhile cost of doing business.

In fact, 91.4% of Generation Z consumers would pay more for improvements to their services. In addition to the younger generation, 7 in 10 of those aged over 71 also were prepared to pay more to ease the support process. Brands have a clear opportunity to offer their consumers more, and ask for more in return.

The technology to deliver next generation customer care that customers will want to pay more for is already available. With consumers willing to take on the price tag, even in part, it is just a matter of time before customer care meets consumer's desire for better service.

1 in 2
consumers would pay more for better customer care.

Concluding remarks

The last decade has been truly transformative for the communications industry. In eight short years, the smartphone entered consumers' lexicon to forge a new market for communications operators. In 2015, it has emerged, as the most significant device for consumers in both the U.S and the U.K.

The next 10 years will be just as revolutionary. As tech-commentators criticize the world's leading brands for stagnating in technological innovation, the spotlight will shift to service-led innovation. In fact, our findings see jaded consumers who are calling for a different kind of customer care, and are prepared to pay for it.

In the last 12 months, almost 1 in 2 consumers had to use a channel other than their preference when contacting communication brands. The very brands that have put quick, painless, digital communication at consumers' fingertips are failing to meet their customers where they need them – with the right channel for the right job, at the right time.

And consumers have an increasingly digital appetite when communicating. Today, 56.1% of consumers are willing to talk to a machine, or a virtual assistant, for support. As acceptance of automated digital channels grows, the call center as we know it must either evolve or die. And consumers agree: 41.6% do not see a place for call centers in 2025.

With increased digital customer-to-brand contact comes increased data capture. While Europe battles with technology brands over their use of Europeans' personal data, consumers on the other side of the pond have their concerns too. However, consumers' anxieties are easily appeased. In 2015, they ask for only basic personalization of services and communications in exchange for their data. Basic.

Indeed, our research suggests that if three fundamental consumer requests are met; clear personalization, increased availability and convenience of communication channels, and consistent functionality, then communication brands can expect consumers to buy into more than just minutes and data. Consumers will buy into their entire ecosystem.

Our study suggests that this opportunity to dominate as a communication services brand (in the widest sense) is available to today's technology, telecommunications and media providers. Over 2 in 5 (42.2%) of those willing to buy into a single brand would like their communications brand to be their sole supplier for technology and media too. It offers the winning brands revenue and market dominance like never before.

Communications brands have a huge opportunity to take the lead and position themselves at the heart of their customers' worlds.

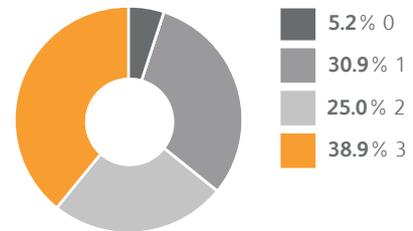
But time is of the essence. The last 10 years have set a lightning pace. A pace consumers have grown accustomed to; a pace they expect.

Communications brands must now approach service changes as they have technological innovation: Boldly and with haste.

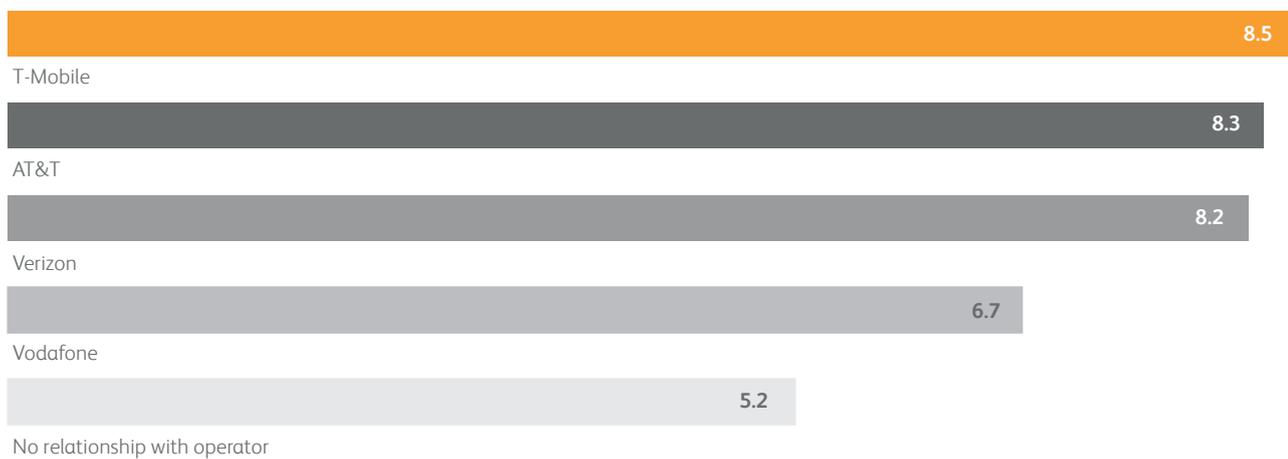
The small print

Respondents to our survey named over 188 separate brands across telephony, mobile and Internet service providers. But which brands are at the top of the pile?

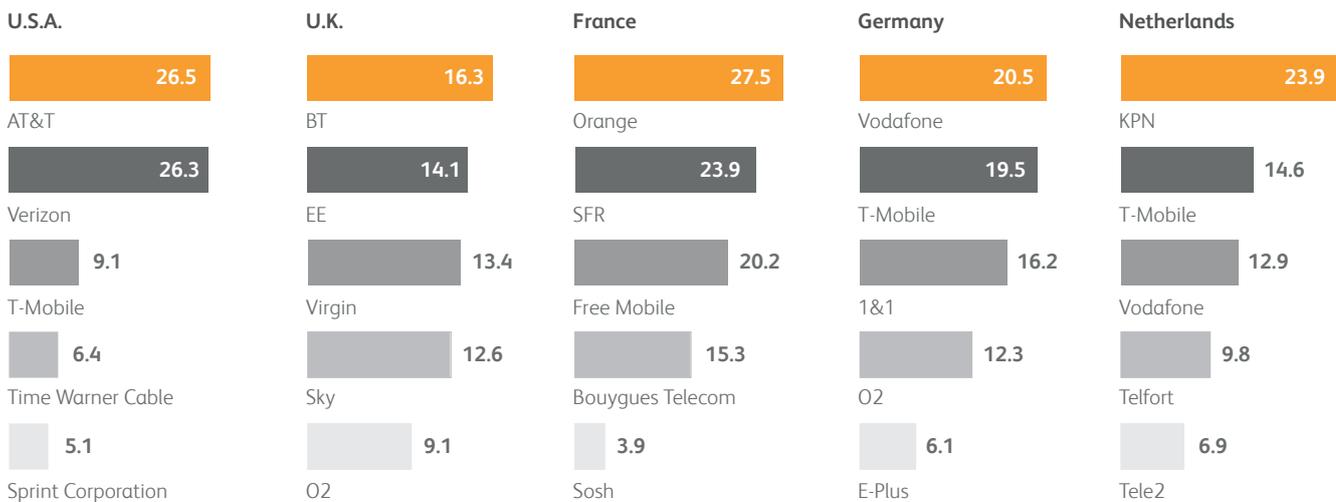
Number of relationships with operators



Top operators, all countries (%)



Top operators, by country (%)



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About the report

The three-part study from Xerox, titled 'The State of Customer Service 2015' surveyed 6,000 consumers across five countries and two continents in May and June of 2015.

In order to ensure a representative sample of the populations, we surveyed consumers in the United States (2,000), the United Kingdom (1,000), France (1,000), Germany (1,000) and the Netherlands (1,000).

The gender split was 50/50 and the age breakdown was:

- 7.9% **Generation Z** (16 - 20)
- 16.2% **Millennial** (21 – 30)
- 33.5% **Generation X** (31 – 50)
- 29.4% **Baby Boomer** (51 – 70)
- 13.1% **71+**

The same sample of consumers were surveyed on their relationships and experiences with brands across technology, telecommunications and media. To find out more about how your customers responded to all of these questions, visit xerox.com/custserv15 or **contact us** for an analysis of your customers' experience.

The Xerox Institute of Work

The Xerox Institute of Work organizes thought leadership, research and analysis dedicated to the future of work and how organizations, people and technology are evolving to support the way work is accomplished. It curates knowledge from experts within Xerox and others within professional and technical fields.