The Shift to Mobile
Breathes New Life Into Old Interactive
Voice Response Systems

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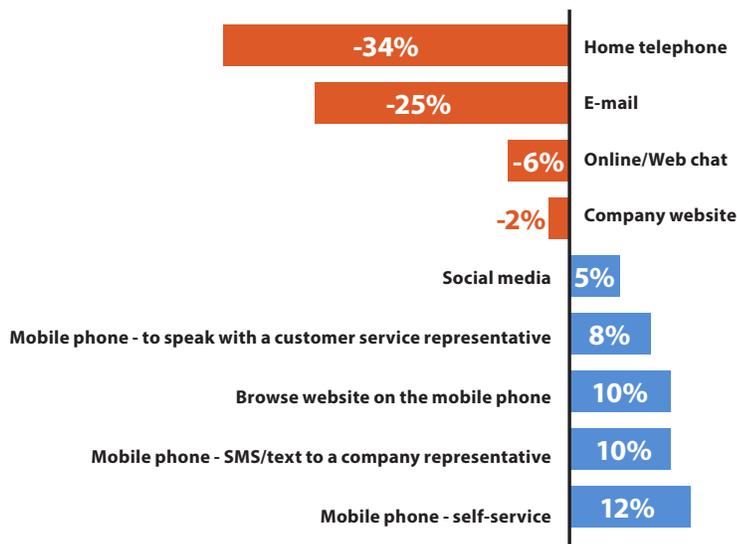
Customers Demand Mobile Interactions

451 Research's Mobile and Connected Devices Forecast & Monitor, April 2014, shows the staggering pace at which mobility is growing: There are already more than 195 million smartphones in use in the US, and that number is expected to grow to 250 million by 2017. The figures for tablets are equally impressive, with the current base of 80 million expected to grow to more than 280 million by 2017. With these exponential adoption rates, it's essential that companies take advantage of the new mobile opportunity to improve the customer experience.

However, as Exhibit 1 indicates, the need to support more sophisticated customer interactions is only increasing the complexity of delivering superior customer experiences. When we look at customers' top preferences for interaction, it's clear new channels have gained in popularity during the past four years. Preferences for traditional channels such as home telephone, email and desktop Web have declined significantly compared to newer mobile channels such as self-service apps, mobile chat, mobile Web sites or even using the mobile phone to speak to a customer service agent directly.

Exhibit 1: Customer Preferences Shift to Mobile
Source: 451 Research's 2014 US Consumer Survey, March, and Anywhere Consumer: US Consumer Survey – Wave 1-12, 2010

Percent Change in Preferences for Customer Interaction, 2010-2014

Channel	Percent Change
Home telephone	-34%
E-mail	-25%
Online/Web chat	-6%
Company website	-2%
Social media	5%
Mobile phone - to speak with a customer service representative	8%
Browse website on the mobile phone	10%
Mobile phone - SMS/text to a company representative	10%
Mobile phone - self-service	12%

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As a result, it's important for businesses to ensure they are meeting consumer demands across not just the Web and contact center, but also mobile channels. Disconnected interaction channels frustrate customers today. It's critically important that businesses not only improve the overall customer experience, but also drive efficiencies across all customer touch points.

One of the least preferred customer touch points is an interactive voice response (IVR) system. According to 451 Research data, IVR ranked dead last across most demographics; using the mobile phone to speak to customer service representatives ranks first, well ahead of the home telephone. Additionally, our data shows that 60% of customers will attempt to resolve issues through self-service apps first. This number grows even higher among the under-34 age bracket.

Yet many customers do not actually get their issue resolved successfully through the self-service channel, leading to a success rate of anywhere from 8-20%. What that means is roughly 80% of interactions are escalated to the contact center. Not only does this hinder the overall self-service success, but also frustrates the customer due to the inability to retain what the customer has already accomplished and results in longer call handle times.

As a result, 451 Research embarked on a market research study that measured customers' willingness to use their mobile phone as a visual IVR to not only help alleviate the pain and customer frustration of the traditional voice IVR, but also eliminate a call to the contact center. A visual IVR creates a visual interaction instead of a voice interaction, delivering enhanced workflows that improve customer experiences and reduce costs.

This report highlights the consumer survey results and insights gained to improve customer experience, lower average handle time (AHT) and ensure first contact resolution (FCR). We questioned 500 consumers regarding their behaviors and expectations when it comes to interacting with customer service and using their mobile phones for both assisted and self-service interactions. We also specifically asked respondents on a scale of 1-10 the likelihood of a visual IVR solution improving the customer's opinion of the company or the likelihood visual IVR will have an impact on him or her choosing to do business with the company more often.

Key findings include:

- **Thirty-six percent (36%)** of respondents hit '0' all the time to avoid automated voice systems when calling companies.

- **Eighty-seven percent (87%)** would prefer to use a visual IVR to help complete their request faster and be able to seamlessly transfer to an agent if needed without having to repeat their information again.

- **Seventy-eight percent (78%)** stated that a visual IVR would improve their opinion of the company and/or they would chose to do business with the company more often.

It is important for companies to adopt solutions that alleviate customer frustration, improve quality of self-service interactions and streamline assisted service calls. In doing so, businesses will see a decrease in call volume and hold time, not to mention an increase in customer satisfaction.

Creating the Business To Meet Consumer Demand

A visual IVR provides a differentiated visual experience to customers. The same audio IVR experience presented visually allows customers to quickly scan the screen and navigate their way through the system. Additionally, with a visual IVR a business can easily present seven menu levels of detail without frustrating or confusing the customer, enabling it to gather more information and resulting in an AHT decrease of roughly 30-60 seconds. A visual IVR can also enable a 'back button' in case the customer accidentally heads down the wrong menu path, in addition to standard navigation control that is expected by mobile and Web users.

To understand the impact on the business, it's important to understand the breakdown of a typical customer service call. A typical interaction begins with a voice IVR where the customer could spend roughly one to two minutes listening to prompts, navigating and entering limited information – at most a numeric set of digits. Next, the agent collects information about the call and verifies all customer profile information and proceeds to collect additional information for problem resolution. Depending the complexity of the call, the agent resolves the issue. A typical interaction could take 6 to 10 minutes for a call that could have been resolved through a less expensive self-service channel.

Using a visual IVR can not only reduce time spent on the call, but also even potentially avoid the call altogether. This could add up to significant savings. For example, a 100-agent call center with a loaded agent cost of US$20 and a one-minute AHT reduction equates to an annual savings of US$752,000.

How To Ensure Customers Stop Hitting '0'

Over the years, companies have trained their customers to hit '0' in order to bypass the automated voice system (see Exhibit 2). Complicated menu systems, inflexible structures and inappropriate topics frustrate customers. Companies have also failed to utilize the information entered into the system – such as account numbers and issues – that could ensure the customer is routed to the right agent at the right time.

Exhibit 2: 79% of Consumers Regularly Bypass the Automated Voice System
Source: 451 Research, 2014

Do you frequently press 0 to avoid answering the automated voice system when calling a company?

10%

11%

36%

43%

All the time

Sometimes
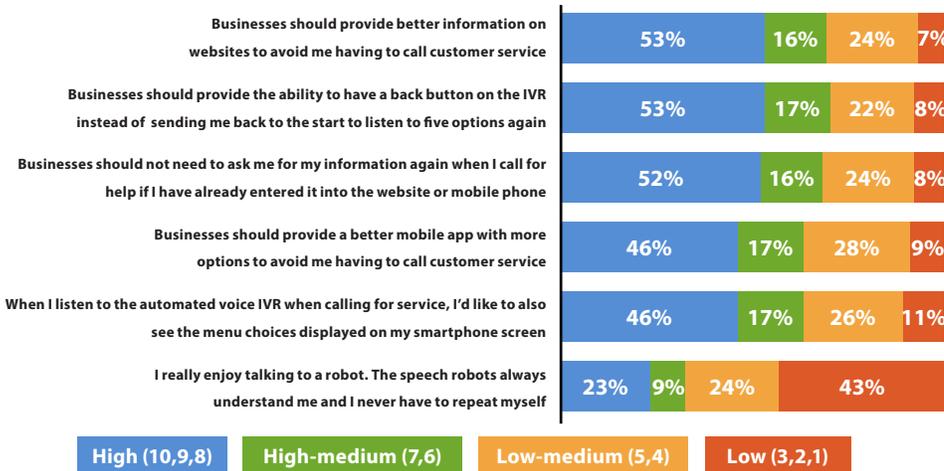
Hardly ever

Never
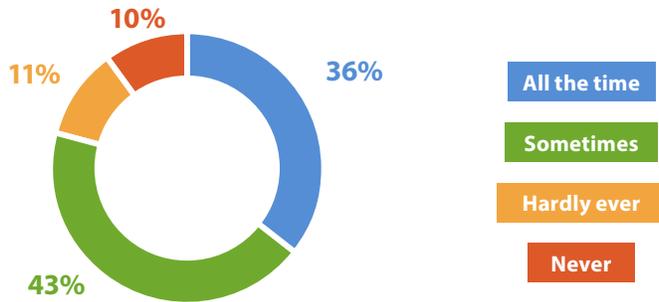
A visual IVR provides a differentiated experience to customers by allowing them to quickly scan the screen and navigate their way through the system. The survey clearly illustrates the demand for a better customer service experience. As seen in Exhibit 3, when customers call a business for service the majority would like to use their smartphone for menu choices, easier navigation and better transfer of information. There is also a clear desire among customers for businesses to improve Web and mobile apps so that they can avoid calling customer care. Bottom line: Customers don't like talking to robots and having to repeat themselves either to the IVR or the agent.

Exhibit 3: There's Plenty of Opportunity To Create a Better Customer Experience
Source: 451 Research, 2014

On a scale of 1 to 10, how strongly do you agree with the following statements? (n=500)

Statement	High (10,9,8)	High-medium (7,6)	Low-medium (5,4)	Low (3,2,1)
Businesses should provide better information on websites to avoid me having to call customer service	53%	16%	24%	7%
Businesses should provide the ability to have a back button on the IVR instead of sending me back to the start to listen to five options again	53%	17%	22%	8%
Businesses should not need to ask me for my information again when I call for help if I have already entered it into the website or mobile phone	52%	16%	24%	8%
Businesses should provide a better mobile app with more options to avoid me having to call customer service	46%	17%	28%	9%
When I listen to the automated voice IVR when calling for service, I'd like to also see the menu choices displayed on my smartphone screen	46%	17%	26%	11%
I really enjoy talking to a robot. The speech robots always understand me and I never have to repeat myself	23%	9%	24%	43%

**High (10,9,8)** **High-medium (7,6)** **Low-medium (5,4)** **Low (3,2,1)**

These trends transcend age, income and even generation. More than 45% of respondents want to use a visual IVR with back buttons and avoid repeating information. Furthermore, 61% state that they would be significantly more satisfied if they could get all of their questions answered through their mobile device without speaking to agent. Undoubtedly, there is an unmet need (see Exhibit 4).

But here's the key takeaway: By creating a simplified and context-driven interactions, companies can get customers to stop hitting '0,' thereby potentially reducing calls into the contact center or streamlining information for the agent.

Exhibit 4: Customers Prefer To Avoid Speaking With Call Center Agents
Source: 451 Research, 2014

If you could get all your questions answered on your mobile phone without speaking to an agent, how satisfied would you be with that experience? (n=500)

- 5%
- 17%
- 61%
- 18%

- **High (10,9,8)**
- **High-medium (7,6)**
- **Low-medium (5,4)**
- **Low (3,2,1)**
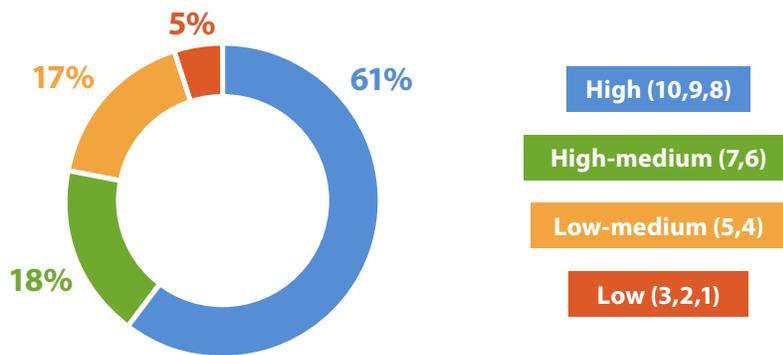
Visual IVR Improves Call Deflection Rates

While many companies are investing in revitalizing their automated voice systems and improving self-service adoption, most are still overlooking the benefits of leveraging mobile channels. When asked what they would do if offered an opportunity to use their mobile phone screen to help guide them instead of speaking to a live agent, only 13% of respondents said they would be unwilling to embrace a visual IVR. Interestingly, respondents in higher income brackets (with a household income of more than $100,000) were more open to the idea of using visual IVR, with 58% saying they would be extremely likely to use it. That's 20 points higher than the average, demonstrating that companies evaluating strategies to create more brand advocates among higher-income customers must consider implementing a visual IVR (see Exhibit 5).

Exhibit 5: Strong Interest in Visual IVR Present Among Various Demographics
Source: 451 Research, 2014

If you were offered an opportunity to use your mobile phone screen or computer to help guide you and complete your request, how likely would you be to use this option instead of speaking to a live agent?

- 3% 3%
- 7%
- 36%
- 23%
- 28%

- 58% Income over $100,000
- 35% Income under $100,000

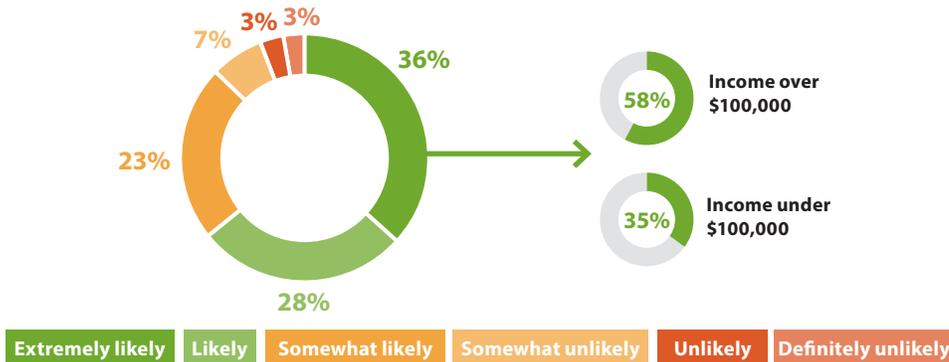| Extremely likely | Likely | Somewhat likely | Somewhat unlikely | Unlikely | Definitely unlikely |

Exhibit 6 shows how willing respondents would be to try to find the answer to their question on the mobile phone while waiting on hold, which is another advantage of a visual IVR experience. Eighty-eight percent (88%) of respondents were interested in trying to troubleshoot for themselves using their mobile devices while on hold. Roughly one-third of these respondents were extremely likely to try to find answers themselves. Exhibit 6 also proves the positive business impact that empowering customers to help themselves will have on revenue and reputation.
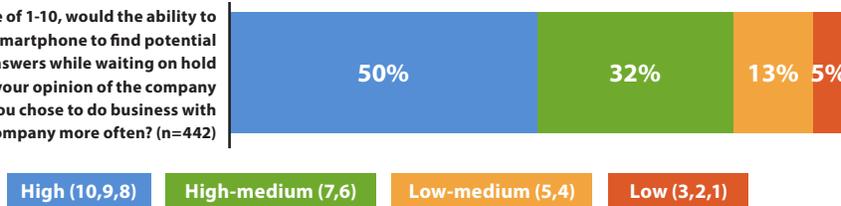
Exhibit 6: Using Visual IVR Within a Mobile Device Can Maximize Hold Times
Source: 451 Research, 2014

If you were on hold, would you be willing to try to find the answer to your question on the mobile phone while waiting? (n=500)
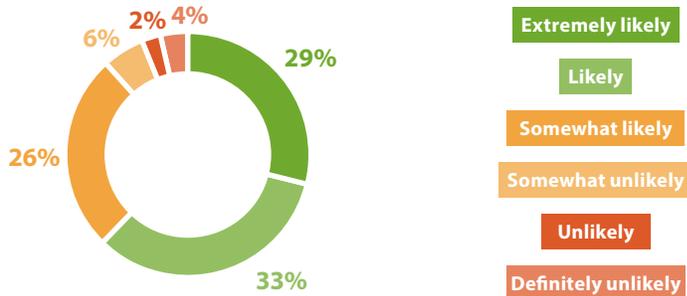
Here too we see the desire for visual IVR among high-income respondents. About 75% of those with household incomes of more than $150,000 ranked their willingness to do more business with the company as extremely interested – choosing 8, 9 or 10 out of 10. That figure is 25 points higher than the average.

Among the 12% of respondents who were not very interested in trying to find information while on hold, their main concern was that the company would not actually have the right information available. Just as customers have been trained to hit '0' due to poor automated voice systems, customers have also developed a lack of faith around self-service initiatives. Companies must take the time to win these customers back by improving the availability of the right information at the right time.
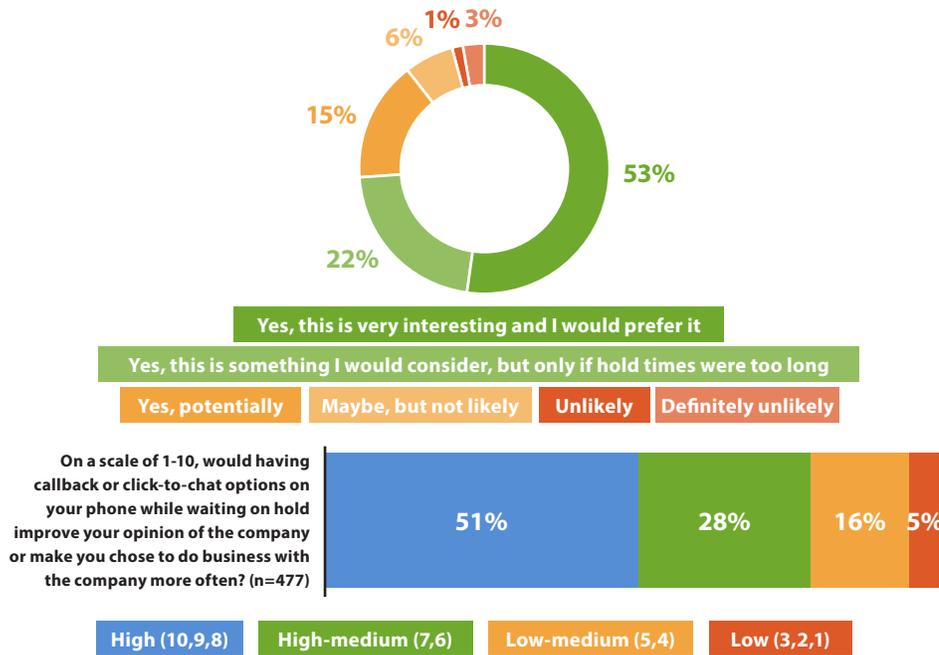
Maximizing Hold Time Opportunities Can Improve FCR

Diving deeper into the analysis, a visual IVR is not just about call deflection, but also about providing other options for interactions that are actually increasing in popularity, such as click-to-chat or callback. It's about providing a convenience. We already are aware of the benefits of click-to-chat while on the Web, but as consumers shift their interactions to mobile, 53% are very interested and would prefer using this type of service interaction (see Exhibit 7 on the next page).

Exhibit 7: New Interaction Channels Garner Strong Interest
Source: 451 Research, 2014

If you are waiting on hold, would you like to see how long the hold times are along with other options available such as call-back or click-to-chat? (n=497)

- **Yes, this is very interesting and I would prefer it**
- **Yes, this is something I would consider, but only if hold times were too long**
- **Yes, potentially** **Maybe, but not likely** **Unlikely** **Definitely unlikely**

On a scale of 1-10, would having callback or click-to-chat options on your phone while waiting on hold improve your opinion of the company or make you chose to do business with the company more often? (n=477)

- **High (10,9,8)** **High-medium (7,6)** **Low-medium (5,4)** **Low (3,2,1)**

While 96% of respondents embraced the idea positively, 4% were still hesitant to embrace click-to-chat or callback. The main concerns were primarily centered on using their mobile phone, not getting a call back or getting disconnected.

Still, the positive impacts of such features are tremendous. Businesses will garner improved results, as 79% of respondents (those who rated a 6 or higher) would chose to do business with the company more often. Among just those who rated it high (8, 9 or 10), 51% would chose to do business more often with the company. Looking at economic factors, high-income respondents were again likely to rank it highly (67% did so).

The study also specifically asked about using a visual IVR with a business' mobile application, such as with a mobile operator's app to check minutes or pay a bill, or a banking app to check balances or make a transfer. Exhibit 8 on the next page demonstrates that 87% of respondents are interested in the ability to get to the right person the first time by either clicking to call or chat within the mobile app to help with questions.
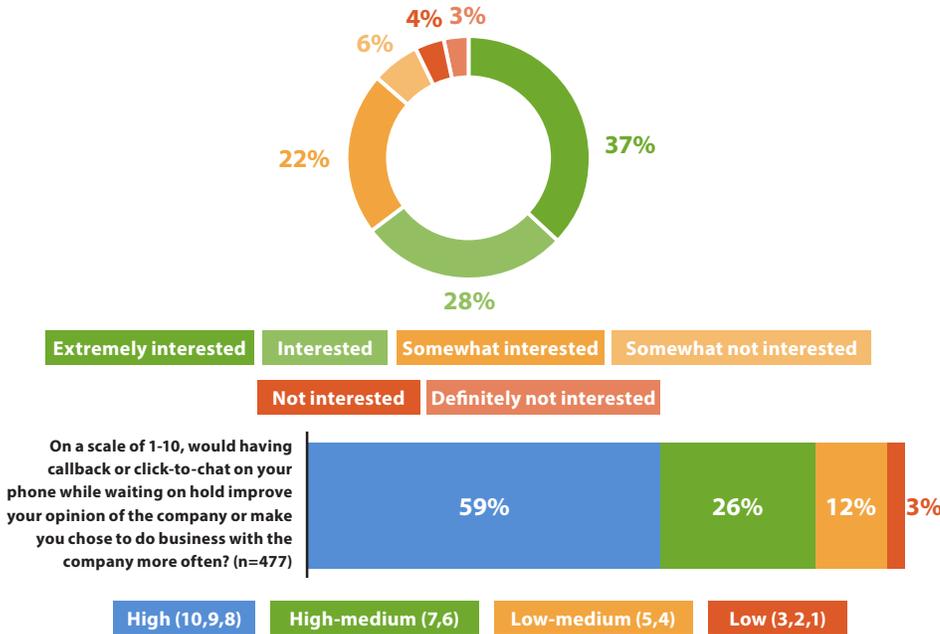
All age groups and income brackets were very interested in using a visual IVR within a mobile phone. It is also one of the highest business impact opportunities, with 59% of respondents ranking it an 8, 9 or 10 affecting their willingness to do business with and/ or improve their opinion of the company. The only higher response was the ability to avoid having to speak to customer service completely.

It's not just about the mobile phone, but also the Web. While there were more respondents extremely interested in having this service embedded within mobile capabilities, they also showed interest in a visual IVR on company websites. Having it available through multiple sources also ensures a consistent customer experience across different channels of interaction.

Exhibit 8: Mobile Users Will Also Use New Channels for Interaction Within Apps
Source: 451 Research, 2014

When using a company's mobile phone application, how interested would you be
to have the ability to get to the right person the first time by either clicking to call
or chat within the mobile app to help you with your question?

- 37%
- 28%
- 22%
- 6%
- 4%
- 3%

Extremely interested | Interested | Somewhat interested | Somewhat not interested
Not interested | Definitely not interested

On a scale of 1-10, would having callback or click-to-chat on your phone while waiting on hold improve your opinion of the company or make you chose to do business with the company more often? (n=477)

| 59% | 26% | 12% | 3% |

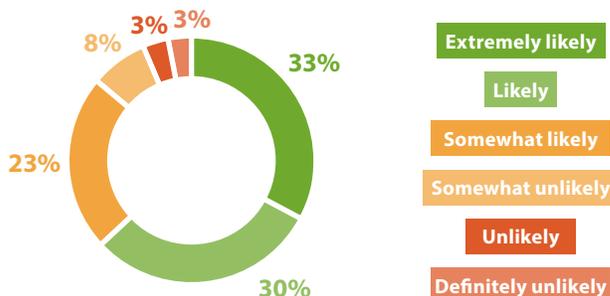High (10,9,8) | High-medium (7,6) | Low-medium (5,4) | Low (3,2,1)

Although – as mentioned above – some customers feel the need to wait on hold because they fear the necessary information is unavailable to access on their own, many customers are also willing to fill out information on their mobile phone while waiting for the appropriate agent (see Exhibit 9). This is another unique benefit of a visual IVR interaction that is not available on voice IVR. Eighty-three percent (83%) of respondents rated this level of customer care a 6 or higher as a key differentiator to improve their overall opinion of the company.

Businesses can use the opportunity to ensure they gather the right information to get the customer routed to the right person the first time. Whereas finding information on a mobile phone can deflect calls to the contact center, as previously discussed, entering information while on hold can improve FCR rates. Many organizations find that FCR has a 95% positive correlation to raising their Net Promoter Score (NPS) significantly. However, there were still roughly 15% of respondents that were apprehensive about using their mobile phone. The main concerns were security, comfort and complexity.

Exhibit 9: Customers Will Go the Extra Mile To Avoid Repeating Information
Source: 451 Research, 2014

While waiting on hold for an agent, what is the likelihood that you would be willing to complete a form on your mobile phone's screen to avoid repeating your information later?

- 33%
- 30%
- 23%
- 8%
- 3%
- 3%

Extremely likely | Likely | Somewhat likely | Somewhat unlikely | Unlikely | Definitely unlikely

Conclusions and Recommendations

Businesses must become more transparent – especially as customers demand more control and insight into their interactions. For example, it's no longer acceptable to blindly keep a customer on hold without any visibility or insight into how long they will be waiting. Customer behavior and expectations are transforming, which is in turn raising the bar to deliver quality experiences across all interaction channels.

While calling customer service and speaking to a live agent will always remain important, connected consumers are extremely interested in newer options such as mobile self-service, mobile click-to-chat and click-to-call. Traditional frustration points such as waiting on hold, repeating information and transferring of calls are no longer acceptable behavior.

For businesses looking to jump on this new wave of customer interactions, 451 Research recommends:

- **Eliminate customer frustration with new forms of interaction.** There are several ways to do this: Implement visual IVR options across all interactions, from mobile to your website; replace the phone number on the website with a 'Contact Us' link to a visual IVR; and provide an option in the voice IVR to send a text link to a visual IVR session. By doing so, customers can navigate the menu visually instead of listening to the voice IVR, and if they click to transfer to an agent they do not have to repeat information.

- **Harness the power of mobile.** Considering the growth of mobile, it's important to integrate a visual IVR into mobile apps and the mobile website. Consumers want to use their mobile phones, and a visual IVR across any interaction enables easier navigation and helps customers gain quick access to desired information. If the company doesn't have a mobile app, it can easily grant access to a visual IVR interaction by sending the customer a text link, after he or she called the voice IVR, offering to continue the interaction visually.

- **Reduce costs and call times by improving workflows and deflecting appropriate calls.** This includes not only lower AHT based on better information, but also lower IVR and telephony charges. The ability to provide rich, informational screen pop-ups means less repetition and the ability to ask more complex or additional questions.

About the Author

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Director

Research Director Sheryl Kingstone focuses on improving the customer experience across all interaction channels for customer acquisition and loyalty. As part of the 451 Research Mobility team, which was established in July 2014 with the integration of Yankee Group, she helps operator and enterprise clients make decisions regarding the use of technology, business processes and data to boost revenue and optimize business performance. She also assists vendors with custom research projects, messaging and positioning, as well as product road map evaluations. Kingstone researches and writes on the top trends in mobile marketing and commerce along with cross-channel customer experience technologies.

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