Digital Loyalty.

Trends from Global, Autonomous Customers.

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The BT Innovation Process & Eco-System.

Innovation Within Each Stage of the Value Chain

Business Drivers → *Customer Needs* → ***Discovery*** → ***Articulation*** → ***Validation*** → *Launch & Implement* → *Operations* → *Customers*

Discovery
- Global Scouting
- Research & Venturing
- Strategic University Programme
- New Ideas
- Shared Learning & Best Practice
- Customer and Partner network

Articulation
- Innovation Showcases
- Hothouse Centres
- Concept demonstrators
- Working prototypes
- User trials
- Thought Leadership Papers/Blogs

Validation
- Innovation Central
- Proposition Development
- Draft Business Cases
- Business Approvals
- Customer Experience Journey

R&D investment of £470m -15/16

4 global research centres (UK, China, UAE and US) & multiple academic partnerships

Partner ecosystem – customers, industry, universities, government

Portfolio of 4700 patents

13,000 Technologists worldwide

1. Making it easy is a growing priority.

Busy Autonomous customers put a lot of effort into dealing with organisations and prefer easy interactions

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62%
Find dealing with customer service issues exhausting

3 in 4
Constantly research products to buy online

55%
Put a lot of effort into safeguarding their consumer rights

Only 1 in 5
Regularly experience first contact resolution for customer service

Building customer engagement

30%	Increase in consumers saying convenience is more important than price (UK & US)
85%	It should be easier to contact orgs. by phone, web chat and email
71%	Like it when orgs. notice I have a problem with customer service & try to help
88%	Consumers would be more loyal to orgs. if they are easy to deal with

Buy more from organisations that make it easier

China	India	UAE	USA	Singapore	Indonesia	UK	Belgium	Germany	Spain
90%	84%	83%	82%	81%	79%	73%	72%	68%	50%

EASY

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

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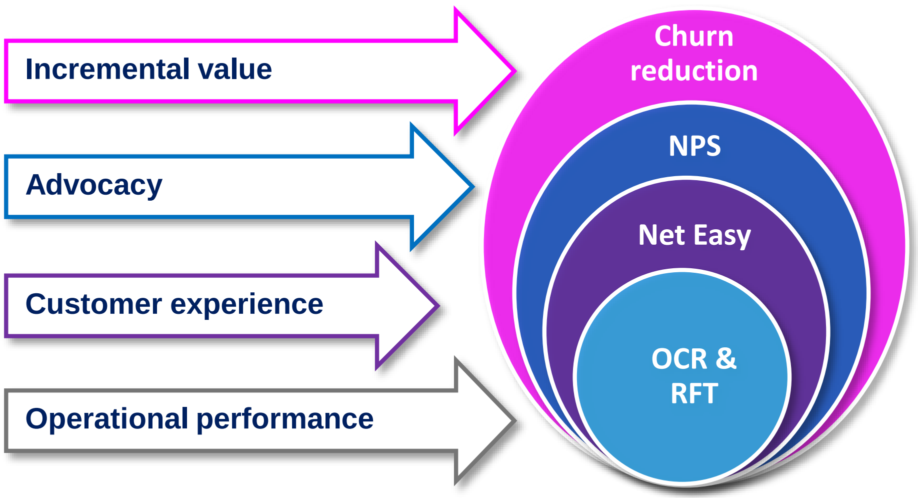
What is Effort?

1. Cognitive effort – the amount of mental energy required to process something.
2. Time effort – how much time it takes to wait, consume and transact.
3. Physical effort – how much physical energy it takes to do something.
4. Emotional effort – how much negative versus positive emotional energy is required.

“Net Easy” Does It.

Making it Easy is the missing link between operational quality and loyalty:



Why measure Easy?

- ✓ True voice of the customer
- ✓ Drives advocacy, VFM & loyalty
- ✓ Highly actionable feedback
- ✓ Applicable in all channels
- ✓ Engages and resonates with staff
- ✓ Low effort also = lower cost

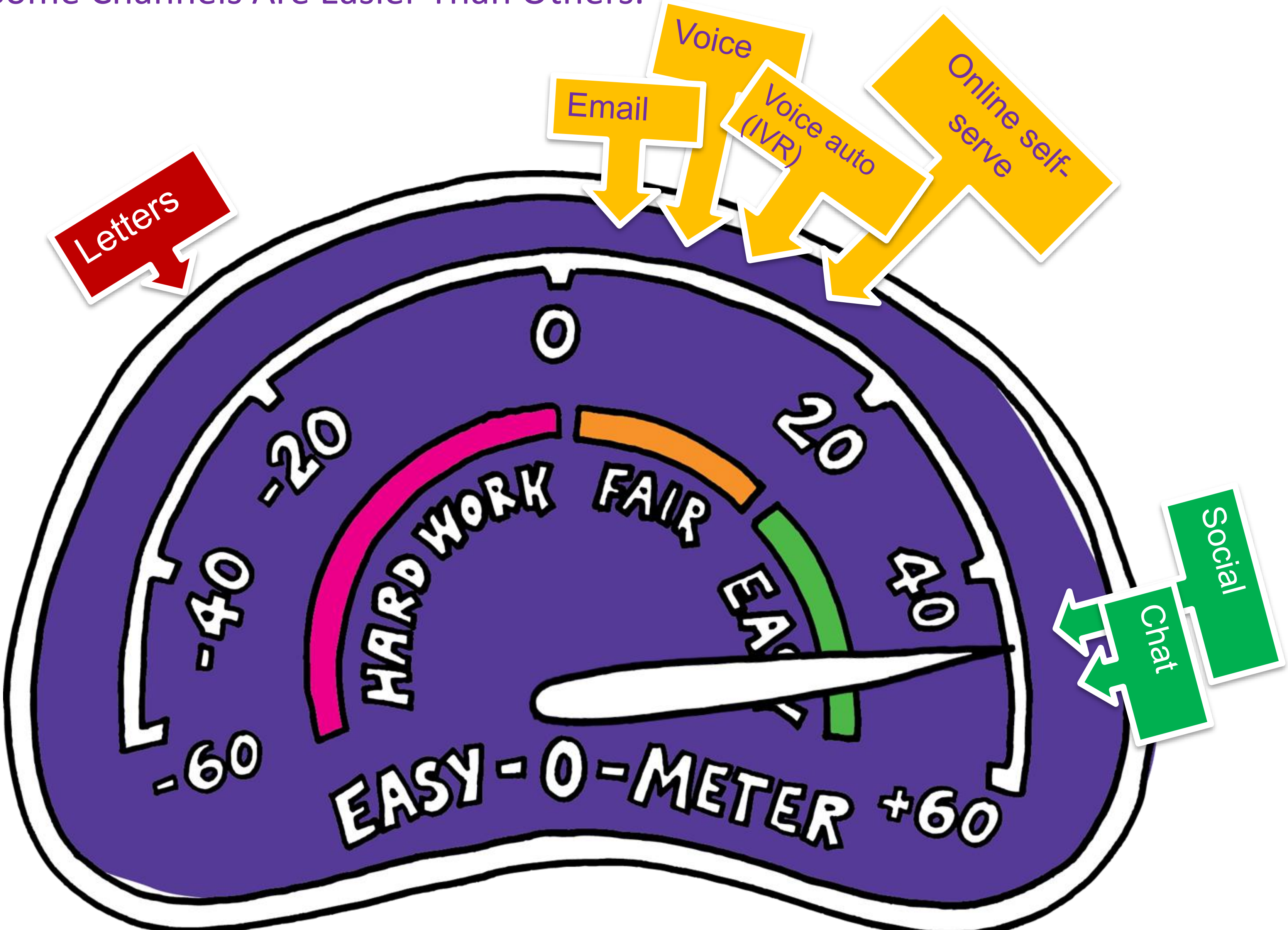
Customers finding it easy are 40% less likely to churn

“How easy was it to get the help you wanted from BT today?”

Easy | **Neither / Don’t know** | **Difficult**

% Easy – **% Difficult** = **Net Easy Score**

Some Channels Are Easier Than Others.

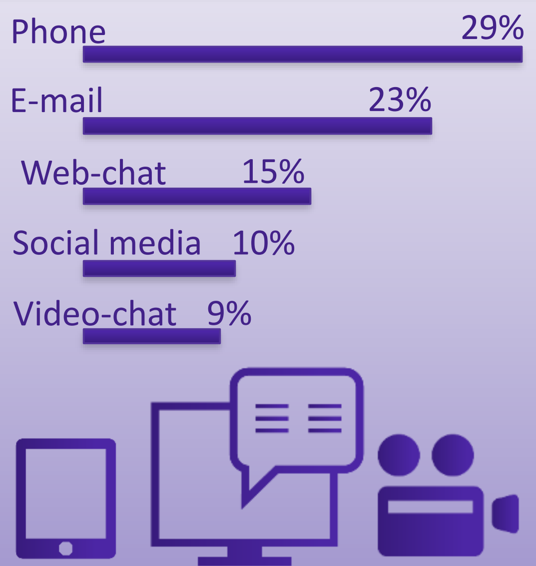


Thanks to: Joanna Howard

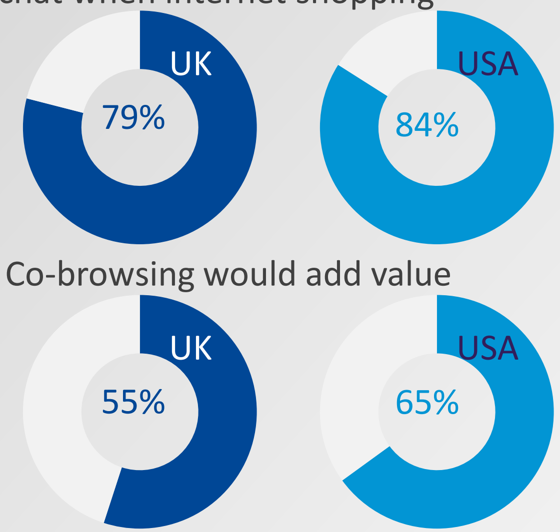
2. Supported self service is a necessity.

Consumers like self-service, but when it goes wrong they want live help there and then

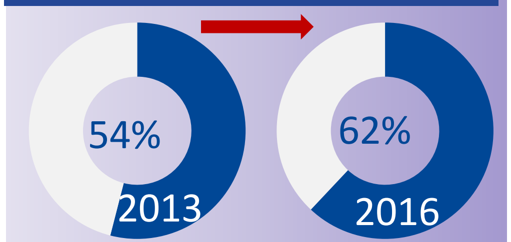
When you most recently had a problem with self-service what type of support did you want?



Want advisor available on phone/web-chat when internet shopping



Prefer using the phone than FAQs (UK)



Customer service via Apps would add value

55%
UK

62%
USA

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

3. Omnichannel: still omnipresent.

Channel switching is accelerating

50%
Regularly phone call centre & look at web on smartphone

81%
Organisations should always offer different channels to meet my needs

51%
Would like to switch from web-chat to video-chat (62% - switch from web-chat to phone)

3 in 4
Any agent should be instantly familiar with my contact history

67%
Would like visual IVR on their smartphone

Less than 1 in 3
Agree organisations make it easy to switch between different channels

Would like organisations to offer the following…

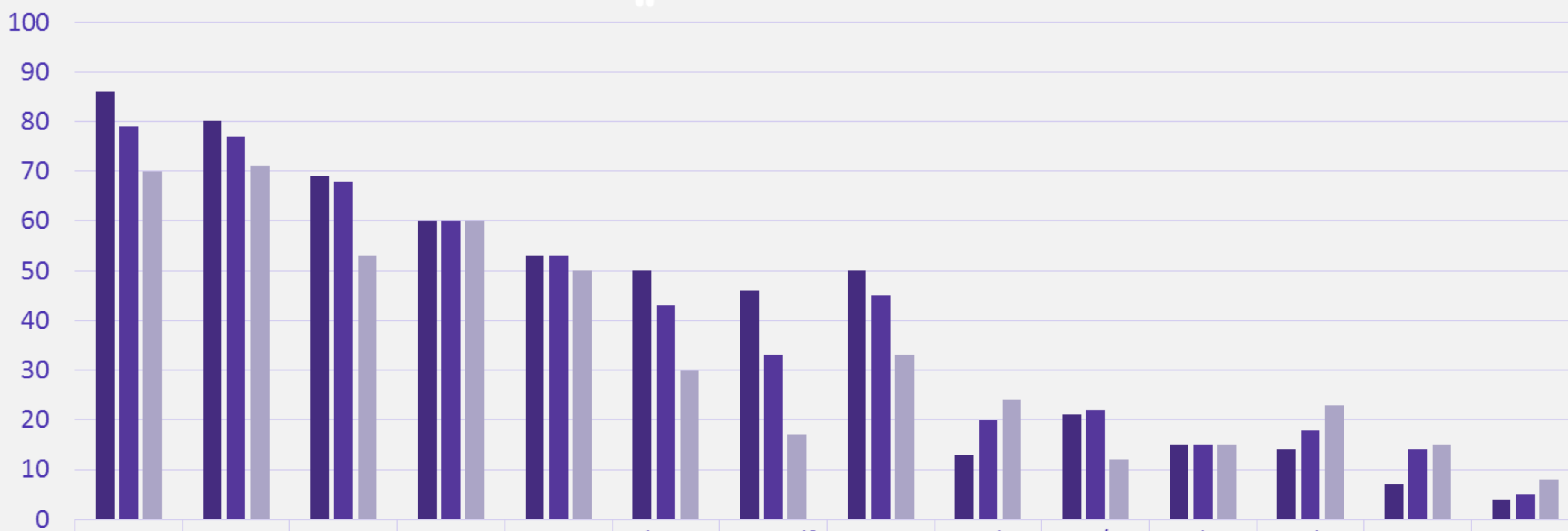
E-mail same call centre agent	90%
Voice biometrics for ID&V	73%
Apps with web-chat	71%
Visual IVR on smartphone	67%
Social media to phone call	63%
Switch from web chat to phone	62%
Share my screen with an agent	62%
Skype calls to call centres	55%
Service through Facebook	53%
Switch from web-chat to video	51%
Secure tech. for phone payments	50%

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

Omni-channel rules: Changing usage of channels by consumers

Web-chat and social media fastest growing, as the traditional channels fall away in terms of customers contacting organisations

Which of these methods of contacting organisations do you use currently? (UK)



	Phone	Email	Face-to-face	Org website	FAQs	Phone overseas	IVR self service	Post	Web-chat	Text/SMS	Online forum	Facebook	Apps	Skype
2011	86	80	69	60	53	50	46	50	13	21	15	14	7	4
2013	79	77	68	60	53	43	33	45	20	22	15	18	14	5
2015	70	71	53	60	50	30	17	33	24	12	15	23	15	8

■ 2011 ■ 2013 ■ 2015

Channels scoring less than 5% are not included – other social media, video-chat.

Source: Davies/Hickman (2015), The Autonomous Customer, UK data, BT/Avaya

Global variations in usage of channels.

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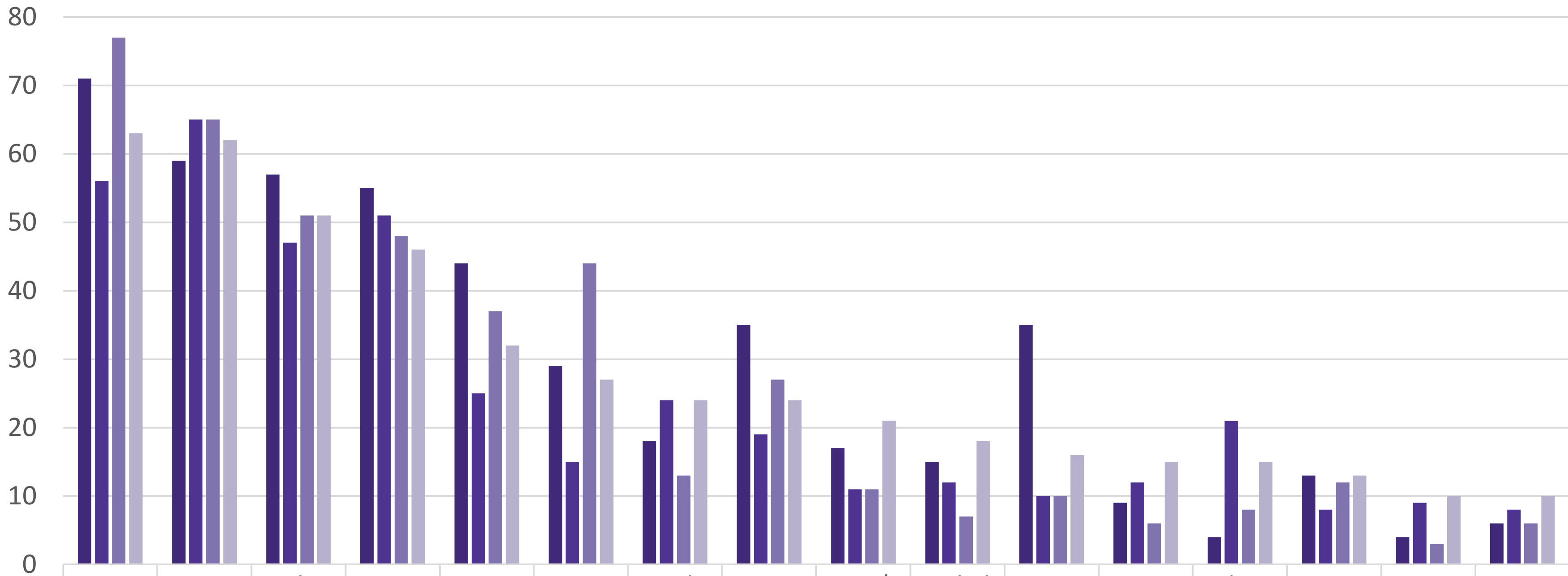
Spain is more enthusiastic about technology than much of Europe.

Which of these methods of contacting organisations do you use currently?



	Email	Phone	Website	Face-to-face	FAQs	Post	Facebook	IVR	Text/SMS	Webchat	Overseas CC	Apps	WhatsApp	Forum	Twitter	Skype
Belgium	71	59	57	55	44	29	18	35	17	15	35	9	4	13	4	6
Spain	56	65	47	51	25	15	24	19	11	12	10	12	21	8	9	8
Germany	77	65	51	48	37	44	13	27	11	7	10	6	8	12	3	6
Global	63	62	51	46	32	27	24	24	21	18	16	15	15	13	10	10

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya, Belgium, Spain, Germany, Global data

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4. Mobility is all: smart phones create smart customers.

Smartphones and customer service should work hand-in-hand, but too many Apps lead to dead-end support

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48%
Download Apps for customer service

12%
Share GPS so companies can offer discounts based on your location

46%
Comment on social about customer service using a smartphone

3 in 4
Want Apps with web-chat or messaging capability

62%
Would like to share smartphone screen so the agent can see it

17%
Used Siri or similar on smartphone in the last 6 months

Use smartphone to…

Phone call centres	62%
Phone call centre & look at web	51%
Scan in-store to get best prices	46%
Access mobile banking weekly	39%

Would like Visual IVR when calling on a smartphone

China	Indonesia	India	UAE	Singapore	Spain	USA	UK	Belgium	Germany
86%	81%	86%	83%	77%	68%	60%	54%	45%	30%

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

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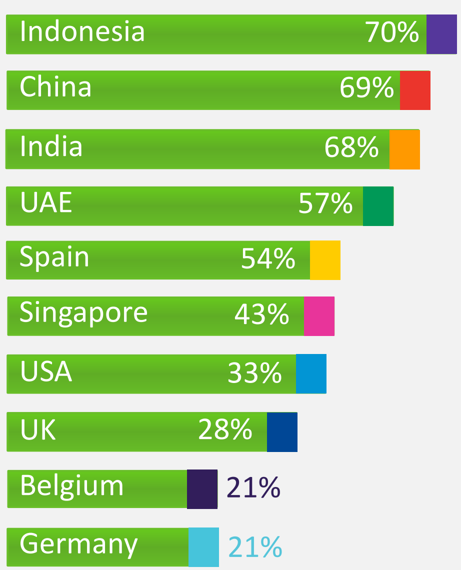
5. Security concerns increase.

Publicity around ID &V and card payment security means new solutions are needed to drive engagement

Buy more over the phone if payment is secure



55%

It takes too long to identify me when I phone the call centre

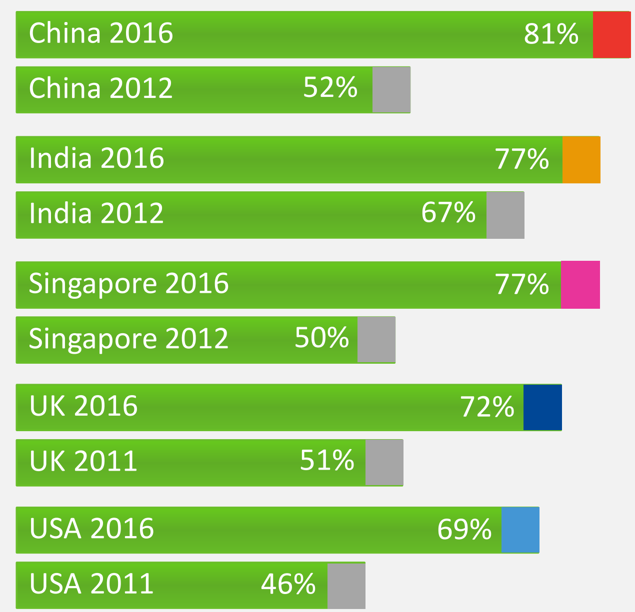
73%

Would like voice biometrics for ID&V

49%

Want technology to secure card payments over the phone (the agent can not see/hear the account or card details)

I worry about security on the phone



Source: BT/Avaya, 2015. Except where stated, data is the 10 country total.

6. Video culture continues to grow.

As video is more part of our daily lives, there is growing interest in video-chat for customer service and engagement

71% Checked appearance before making a video call

59% Would like to see the agent for complex queries

62% Brushed hair before making a video call

1 in 4 Use Facetime/Skype 2 or 3 times a week or more

34% Use YouTube first to research a new product or service

63% Want to use video chat to communicate with organisations

Would like to video-chat with organisations

UK 2016 50%
UK 2013 36%
USA 2016 50%
USA 2013 32%

Regularly watch videos for product information

38% UK 2013
47% UK 2016
45% USA 2013
52% USA 2016

Would like video-chat to have a product demonstrated by an agent

81%	78%	74%	72%	71%	57%	56%	52%	45%	40%
India	China	Indonesia	Singapore	UAE	USA	Spain	UK	Germany	Belgium

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

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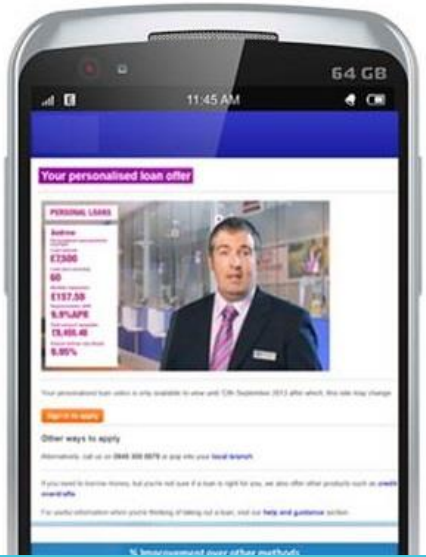
Case study: Personalised Video as a Service.

BT Personalised Video as a Service is like mail merge for video.

Video template + **Customer data** = **Personalised video**



Personalised, relevant and effective communication
Improving customer service, sales, retention and loyalty

In a pilot for a major financial services provider it achieved:

- **X2** Open rate
- **X9** Click rate
- **16%** watch video
- **50%** replay video within a day
- **32%** replay video within a week
- **18%** replay the video after a week

400% increase in loan sales

7. Social customers demand social customer service.

Consumers want more customer service by social media and less marketing - but there are sector differences

70%
Expect response to social media comment in 15 mins

35%
would post a complaint on social media

25%
Have had customer service by social media (15% made complaint)

2 in 3
Want responses to comments by same platform

1 in 3
for an urgent issue or emergency Twitter/Facebook is the best way to get customer service

Have used smartphone to comment on social media about customer service just received

China	70%
India	67%
Indonesia	63%
UAE	61%
Singapore	57%
Spain	37%
USA	33%
UK	30%
Germany	24%
Belgium	23%

Would post a facebook customer service message to an organisation

India	UAE	China	Indonesia	Singapore	Spain	USA	UK	Belgium	Germany
88%	87%	N/A	80%	74%	63%	57%	53%	48%	40%

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

8. The emerging "ego" system:

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Creating smart customer service: it's all about me!

62%
Find dealing with customer service issues exhausting

55%
I put a lot of effort into safeguarding my rights

54%
Give feedback to companies but they don't change

The more information I give, the better customer service I expect

75% India	63% UAE
69% Indonesia	63% UK
74% Spain	56% Belgium
66% USA	57% Germany
62% Singapore	48% China

44%
Would share social media profile to get better service

4 in 5
Like orgs using technology to listen to calls if the agent is rude

55%
Might share location with organisation for a better service

71%
Like it when organisations notice consumers have problems on the website and try to help

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

Digital Loyalty & Autonomous Customers – summary...

Autonomous customers control customer relationships through online access to information, advice from other consumers and use of self-service. This means they are less loyal and harder to engage.

- Making it **easy** is the top priority – busy autonomous customers put a lot of effort into dealing with organisations and prefer easy interactions.
- **Supported** self-service is a necessity – consumers like self-service, but when it goes wrong they want live help there and then.
- **Omni-channel** is omni-present – adding functionality will drive customer journey ease, reduce high buyer drop-out and improve engagement.
- **Mobility** is all - Smartphones and customer service should work hand-in-hand, but too many Apps lead to dead-end support.
- **Security** concerns over customer data – new solutions are needed to drive engagement and makes security easy.
- **Video** culture continues to grow – as video is more part of our daily lives, there is growing interest in video-chat for customer service.
- **Social media** service used by one in four consumers – but they expect a response fast.
- Embracing the **"me"-conomy** – using data to appropriately personalise the relationship.

Source: Davies/Hickman (2015), The Autonomous Customer, BT/Avaya

Thank You.

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