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INTERACTIVE

CUSTOMER COMMUNICATION PREFERENCES SURVEY

Conducted by Harris Interactive

Sponsored by Varolii Corp.

CONTENTS

EXECUTIVE SUMMARY

According to Forrester Research, a technology research firm, today's marketers are neglecting customer communication preferences. In a world where customers are bombarded with phone calls, text messages and emails every single day, marketers are getting lost in the communication clutter. Some of the top reasons for this include: failure to capture customer communication preferences, ignoring preferences when they do, and inundating customers with too many marketing messages.

Forrester Research found that 77%of consumers said companies should let them decide how they should contact them.[2]

Forrester also says that marketers delude themselves when it comes to preference attainment and utilization. Most actually pay far less attention to preferences than they say they do; offering lip service rather than taking action. Unfortunately, Forrester is finding that customers happen to agree.[1] Research shows that consumers are tuning messages out when they aren't tailored to them and becoming frustrated with companies that don't listen to their preferences.

However, despite widespread negative perceptions about communication bombardment and unsolicited messages, a surprising number of people are reporting benefits from automated calls, text messages and emails. According to the first survey on Customer Communication Preferences, conducted by independent market research firm Harris Interactive in October 2009, the key is delivering information that consumers want through the channel, language and time of day they prefer.[2]

Key Findings

The purpose of the survey was to gather insight from U.S. consumers to determine how they perceive the calls, text messages and emails they receive from companies. The key findings from the survey include:

- Overall, respondents consider 21% of the messages they receive from companies to be irrelevant spam.

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[1] Forrester Research, July 22, 2009, "Marketers: Stop The Abuse! Adopt Preference Management"
[2] See Forrester report referenced, "Stop the Abuse!"

- More than 75%are likely to hang up on a phone call if the information provided is not relevant or important to them.
- 77% of respondents report welcoming automated reminders, such as a doctor's appointment reminder or a package delivery notification

Perhaps one of the more significant findings from the survey showed that age plays a definite role in the level of trust and acceptance toward automated messages. For nearly every question pertaining to unsolicited messages, the younger generation (age 18-34) showed greater acceptance and willingness to pay attention and respond.

THE SURVEY DATA: COMMUNICATION FATIGUE BREEDS CONTEMPT

As consumers wrestle with flooded inboxes and voicemails, companies are finding it increasingly difficult to reach and interact with them on a large scale. The following survey findings highlight the need to offer communications in a form that is personalized and perceived as helpful to a customer.
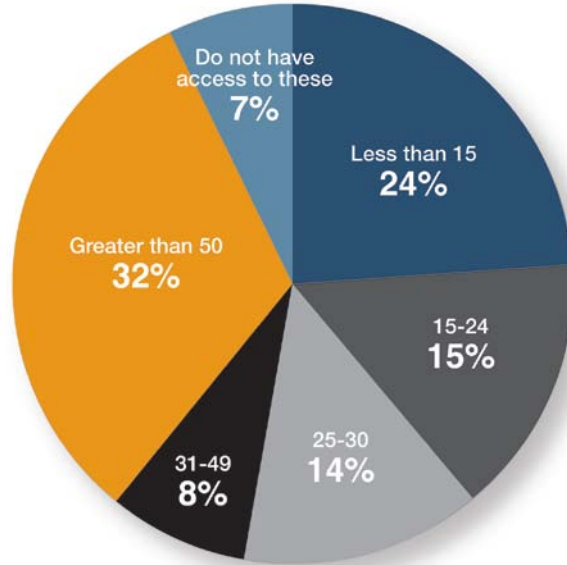
Question: Overall, how many total (both business and personal) emails, text messages and phone calls do you receive each day?

More than one-third of respondents report that they are dealing with more than 50 messages each day. These communications come in the form calls, text messages and emails. To cut through the clutter, businesses are struggling to find ways to differentiate themselves and reach audiences.

Consumers receive at least 50 messages each day and companies struggle to stand apart.

According to conventional wisdom, "insanity is doing the same thing over and over again, but expecting different results." The key is knowing what to do differently. And, that's the challenge that companies face in communicating with customers. Rather than blasting the same message out to every customer over and over,

companies need to create a dialogue tailored to each individual and their current situation and only proactively reach out when necessary.

Overall, how many total (both business and personal) emails, text messages and phone calls do you receive each day?
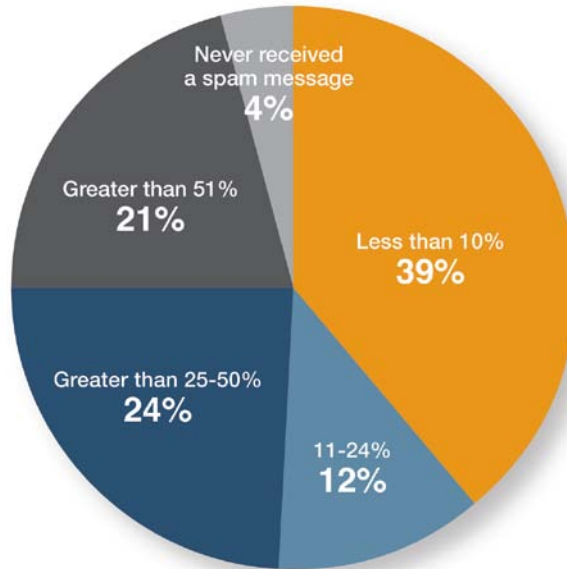
Question: Of those emails, texts and voice calls coming from companies (rather than individuals you know), what percentage do you consider to be 'spam'?

Overall, respondents consider 21% of the calls, text messages and emails they receive from companies to be spam. This number jumps even higher to 27% among respondents ages 55 and older. For businesses, 'spam' does more than just annoy customers – according to Ferris Research, it is estimated that spam costs U.S. companies $42 billion in 2009.[3]

> *Respondents consider 21% of the messages they receive from companies to be spam.*

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[3] Ferris Research, January 28, 2009, "Cost of Spam is Flattening: Our 2009 Predictions"

In today's hyper-connected world, companies only have a small window to grab the consumer's attention. When notifications are not tailored and relevant to the audience, it is clear that consumers simply ignore it as spam – costing businesses both time and resources.

Question: Of those emails, texts and voice calls coming from companies (rather than individuals you know), what percentage do you consider to be 'spam'?

Question: How beneficial would receiving each of the following types of calls/messages be to you?

The study found that consumers value personal reminders, such as a doctor's appointment reminder or notice to pick up a package. 77% of consumers report welcoming such a prompt in the form of a personal phone call or automated message. The results are even higher for the following scenarios:
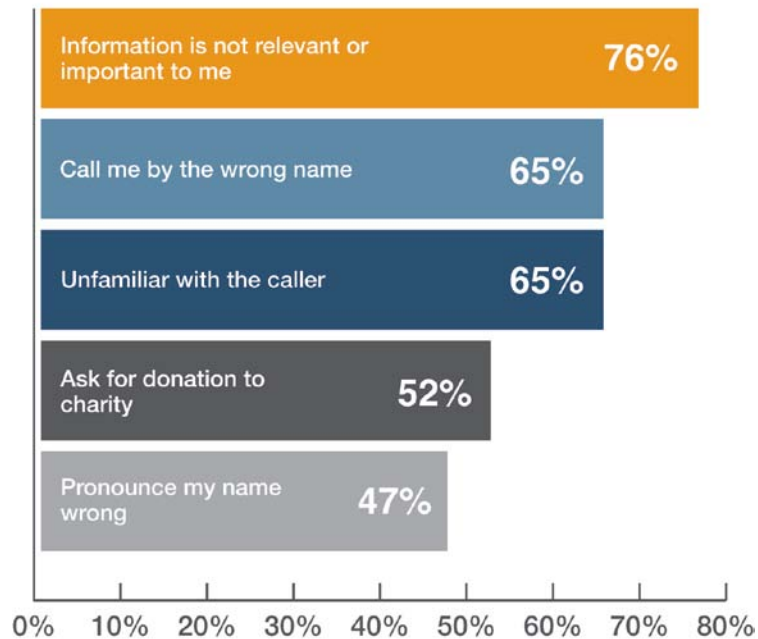
> *94% of consumers say they value personal reminders.*

- 94% find benefit from pre-recorded reminders about upcoming doctor's appointments
- 88% value notifications from retailers about a package ready for pick-up

Question: How likely would you be to hang up on a caller in the middle of a phone call if each of these situations were to occur?

Overwhelmingly, the majority of respondents would hang up on a caller if the message wasn't tailored to them:

- More than 75% of consumers are likely to hang up on a phone call if the information provided is not relevant or important to them.
- 65% would hang up on a call if they were called by the wrong name. At the same time, nearly half of respondents are likely to hang up if the caller pronounces their name wrong.
- Among respondents over the age of 55, the numbers are even higher. 83% of respondents would hang up if the information wasn't relevant. And, more than 75% would hang up if they were unfamiliar with the caller.

How likely would you be to hang up on a caller in the middle of a phone call if each of these situations were to occur?

Situation	Percentage
Information is not relevant or important to me	76%
Call me by the wrong name	65%
Unfamiliar with the caller	65%
Ask for donation to charity	52%
Pronounce my name wrong	47%

Question: For each of the following situations where you could potentially be contacted via telephone, please indicate your preference for handling each.

Consumers are becoming more open, and in some cases, actually prefer personalized automated phone calls rather than speaking with a live person. For example, when dealing with potentially embarrassing situations, approximately one in four respondents would prefer to receive an automated phone call versus talking to a live person. More specifically:

> *When dealing with potentially embarrassing situations, approximately one in four respondents would prefer to receive an automated phone call versus talking to a person.*

- 24% would prefer automated calls on offers to refill a potentially embarrassing prescription
- 23% for calls notifying them about a late/missed credit card payment
- 19% would prefer to receive an automated phone call letting them know about a flight delay
- 21% would rather take a customer satisfaction survey through an automated call rather than through a live person

However, for companies considering automated phone calls, there is still wariness among consumers when it comes to time-sensitive messages. For example, when asked about flight delays, more than 40%would prefer these messages to come from a live person. And, for messages flagging potential credit fraud, consumers overwhelmingly trust people (70%) instead of an automated phone call (9%).

How the notification communicates with each consumer should vary depending on factors like message purpose, customer age, location, socioeconomic status, the media channel utilized, etc.

THE GREAT DATA DIVIDE: 'DIGITAL NATIVES' EMBRACE MORE INFORMATION

Overall, the survey also found that among younger generations who are more immersed in technology, such as Generation Y, there is a greater acceptance of phone calls and unsolicited messages from companies. What is less clear is whether the younger generations are more accepting because they are less cynical toward unsolicited messages or more comfortable with the technology through which these messages are communicated. Key data from the survey shows:

- More than 60% of these 'digital natives' consider reminders to pay credit card bills to be at least somewhat beneficial (63%). Among respondents over 55, that number drops nearly 25 percentage points.
- Eighteen to 34-year-olds are 13% more open to political campaign calls than those over age 55 (21% vs. 8%, respectively).
- On offers to refinance their mortgages, 15% of 18 to 34-year-olds consider these calls beneficial while only 3% of those over 55 years consider them beneficial.

VAROLII VIEWPOINT

The findings of this survey use hard data to define several notions about unsolicited calls and messages to consumers, but they also reveal surprising attitudes that are contrary to conventional wisdom. The key factor is providing information that is personalized – more than just including the customer's name – and accounts for customer preferences, such as time of day a customer wants to be reached, through which channel and in what language.

The ability to personalize individual communication on a large scale, is known as mass personalization. Companies are doing this by storing past communication results and explicit consumer preferences to tailor ongoing message content and delivery. Findings from this survey indicate that consumers value personalized communications and companies who are using outbound messages to reach customers should incorporate mass personalization into their contact strategies for the best results.

This early inclination for more personalized communications is just the beginning. As the younger generations (ages 18-34) increasingly comprise a larger portion of adult consumers in the U.S., their familiarity with technology and the ease with which they use it will shift the overall acceptance of automated messages.

Additionally, as more companies use automated messages as a primary method for reaching out to customers, more consumers will experience the benefits of truly personalized messages over so-called "robocalls," which are often associated with political campaigns and mortgage scams. Moreover, the technology itself will continue evolving and enable increasing levels of personalization and convenience for consumers, thereby continually providing a superior customer experience while generating greater communication, collection and operational results.

NOTES ON METHODOLOGY

The survey was conducted online within the United States by Harris Interactive on behalf of Varolii from September 30 to October 2, 2009, among 2309 adults aged 18 years and older. The survey data are weighted to represent the online adult population. This online survey is not based on a probability sample, and therefore, no estimate of theoretical sampling error can be calculated. All decimals in this report are rounded to the nearest percentage point. This may result in certain numerical totals adding up to slightly more or slightly less than 100 percent.

About Varolii Corporation

Varolii provides on-demand communication software and services that enable organizations to more effectively reach and interact with their customers and employees, getting the best result from every interaction. By automating the processes required for personalized communications such as flight cancellation notices, fraud detection alerts and prescription pick-up reminders, Varolii helps its clients reduce operational costs, increase contact center efficiency, and get more out of their existing IT investments. More than 380 companies, including many of the largest U.S. banks, airlines, wireless carriers, utilities, and healthcare organizations trust Varolii send nearly 4 million communications every business day.