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# CUSTOMER COMMUNICATIONS FOR MILLENNIALS

UNDERSTANDING CCM IN AGILE BUSINESS ENVIRONMENTS

NOVEMBER 2017





## Foreword

We're pleased to present the findings of Keypoint Intelligence – InfoTrends research. Smart Communications, the innovator in customer and business communications, sponsored this research to shed light on aspects of customer communications management (CCM) that have not been widely addressed. Working with Keypoint Intelligence - InfoTrends, one of the leading analysts of the customer communications management market, Smart Communications aimed to better understand how financial sector and healthcare companies thought about customer communications in three areas:

- Do customer communications systems have a role in helping to protect brand?
- Are enterprises creating different and specific strategies to communicate with Millennials?
- How satisfied are enterprises with current state of customer communications?

In this second report on customer communications for Millennials, the research found relatively high percentage of revenue is directly related to Millennials at 41%. And among the total respondents, the overall average was a 33% Millennial customer base. This shows that Millennials already account for a considerable share of CCM customers and an even larger share of revenue percentage. We at Smart Communications recognize the Millennial generation expects digital communications and are more tech-savvy than prior generations. I invite you to review this report and other reports in this series and engage in a conversation with Smart Communications about your views and thoughts on the research. To learn more about the Smart Communications suite of cloud-enabled solutions, visit us [here](#).

**George Wright**

**CEO**

**Smart Communications**



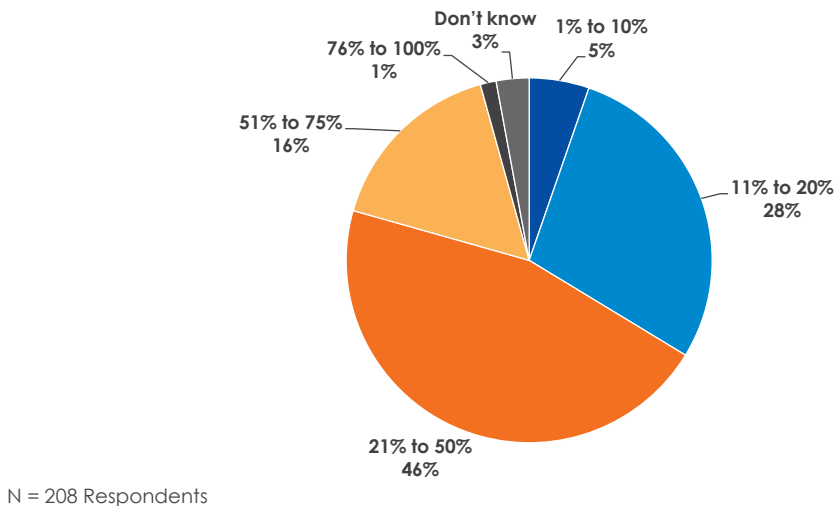
## CCM: Is it Really So Different for the New Generation of Customers?

Communicating successfully with all consumers—and Millennials in particular—requires an awareness of the type of communications sent as well as any associated customer preferences. There has been a lot of talk about Millennials as they come of age and continue to reshape the world. Millennials are generally known for their increased use, acceptance of, and familiarity with communications, media, and digital technologies in relation to earlier generations. Does this mean that CCM offerings need to change in response to this new generation of consumers? Smart Communications commissioned Keypoint Intelligence – InfoTrends (InfoTrends) to conduct a survey that explored this very topic.

### Millennials: A Generation with Impact

Today's CCM systems must support individual communication preferences, and this is something that's been the case for as long as these systems have been around. How do customers want to be communicated with, and are Millennials any different? We started by asking our enterprise respondents about the percentage of their customers who were Millennials<sup>1</sup>. Among our total respondents, the overall average was 33% Millennial customers.

Figure 1: What percentage of your customers are Millennials?

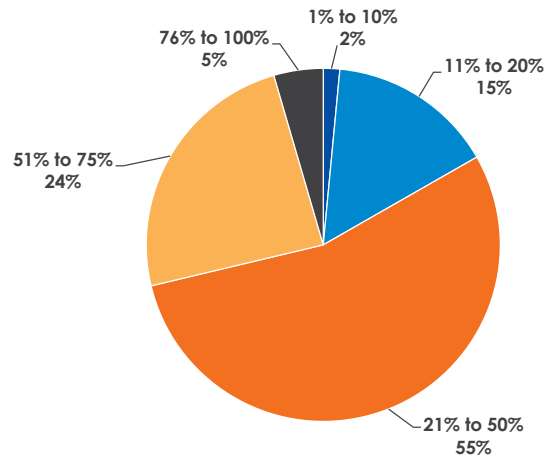


<sup>1</sup> For the purposes of this research, Millennials are individuals born between 1982 and 1997 (ages 20 to 35).



Based on the data in the Figure above, 132 enterprise respondents reported that over 20% of their customers were Millennials. These respondents were asked to specify the share of their revenues that were directly related to Millennials. The overall revenue average among these respondents was 41%. This shows that Millennials already account for a considerable share of CCM customers and an even larger share of revenue percentage.

**Figure 2: What percentage of your revenue is directly related to Millennials?**



N = 132 Respondents whose customers are more than 20% Millennials

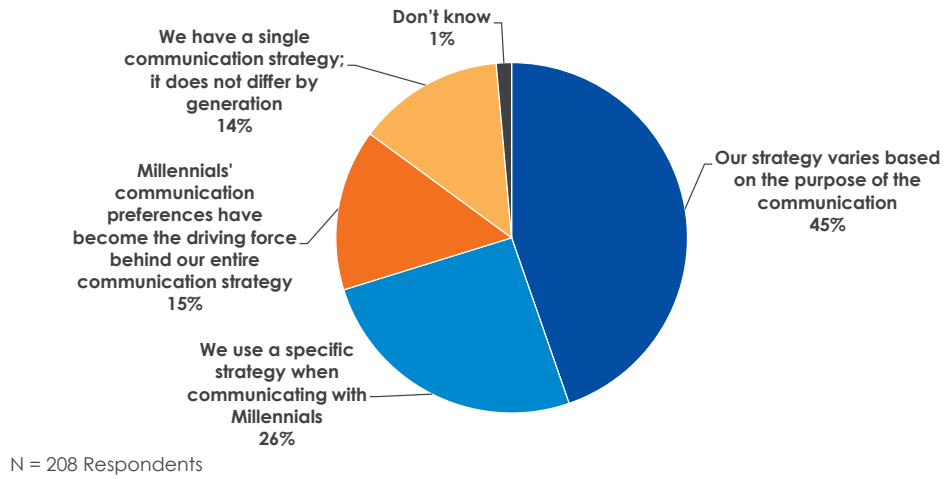
### When It Comes to Communications, There's No Single "Millennial" Strategy!

Like other generations, Millennials have their own set of preferences when it comes to communications. Millennials have a different communication style. Face-to-face meetings, telephone conversations, and visits to a brand's branch are being replaced by intranet software, social media, chat, e-mail, and instant messaging on a 24/7 basis. Most Millennials are also accustomed to conducting a number of conversations—personal and professional—at the same time.

Because of this, our enterprise respondents were asked how their communication strategies differed when reaching out to Millennials. Although a little over a quarter of enterprises used a specific strategy for communicating with Millennials, the greatest percentage (45%) varied their strategy based on the purpose of the communication rather than by relative grouping or generational definitions.



Figure 3: How does your communication strategy differ for Millennials?



Based on our research, attempting to use a different communication strategy that is specifically designed for Millennials will backfire. Our data suggests that singling Millennials out as a “different” demographic group will have a negative effect on churn rates, while varying the strategy based on the purpose of the communication will yield better results (see Table 1).

Table 1: Millennial Churn Rates by Communication Strategy

Communication Strategy for Millennials	Do you see a higher or lower churn among your Millennial customers compared with other aged customers? (0=No and 3=Yes, Significantly Higher)
We use a specific strategy when communicating with Millennials (N=53)	2.6
We have a single communication strategy; it does not differ by generation (N=28)	2.2
Millennials' communication preferences have become the driving force behind our entire communication strategy (N=31)	2.0
Our strategy varies based on the purpose of the communication (N=93)	2.0



Since Millennials are different from previous generations in terms of their preferences and expectations, these findings may seem contradictory at first. Although our research data does not tell us why having a specific Millennial strategy will backfire, InfoTrends believes that it has less to do with the presence of such a strategy and more to do with the execution of that strategy. For example, communicating with Millennials via only digital channels will not address those Millennials who prefer print or a mix of print and digital channels. Based on our latest annual consumer research<sup>2</sup>, we know that physical mail is still the second-most preferred channel by Millennials (e-mail is first) for business-critical communications. The primary reason that these Millennials prefer print is because they like having a hard copy for their records.

Enterprises with a specific communication strategy for Millennials should also take a critical look at the messages they send to their Millennial customers. Are you sending the right messages? Will the communication meet the recipient's expectations? All communications, whether they are aimed at Millennials or any other generation, should be relevant, personalized, channel-sensitive, and timely.

### **The Continued Importance of Electronic Channels**

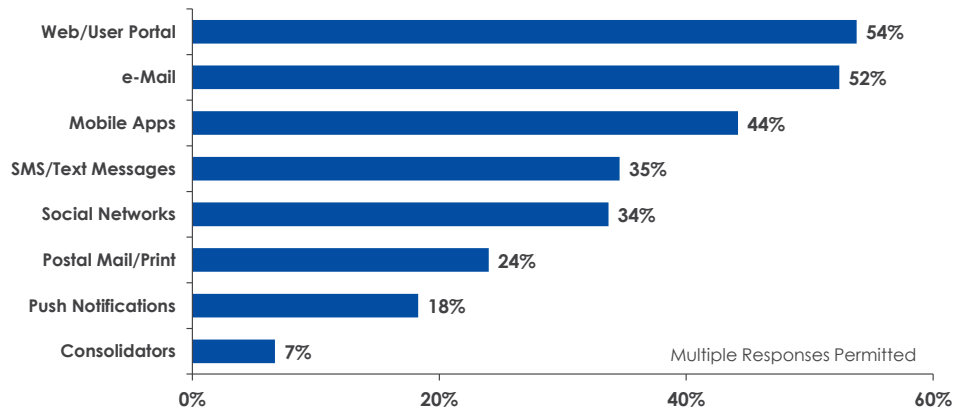
Enterprises were also asked which channels they were using to communicate with their Millennial customers. The most common ones were all electronic channels and included Web/user portals, e-mail, and mobile apps. Although effectively communicating to Millennials does not require a special or unique communication strategy, our research does show that Millennials tend to favor electronic channels.

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<sup>2</sup> Source: *Global Transactional Communications Consumer Survey*, Keypoint Intelligence – InfoTrends 2017



Figure 4: Which channels are you most commonly using to communicate with Millennials?



N = 208 Respondents

Looking into the type of communications sent through these channels and across the applied communication strategy, most of the communications that are currently designed for Millennials are transactional in nature (e.g., product information, reminders for bill payments, and other business-critical communications). CCM systems that help to create, manage, and deliver these communications in a channel-agnostic way can help enterprises utilize their communication channels—particularly electronic channels in favor of Millennials.

Table 2: Most Common Communication Types Sent to Millennials Today

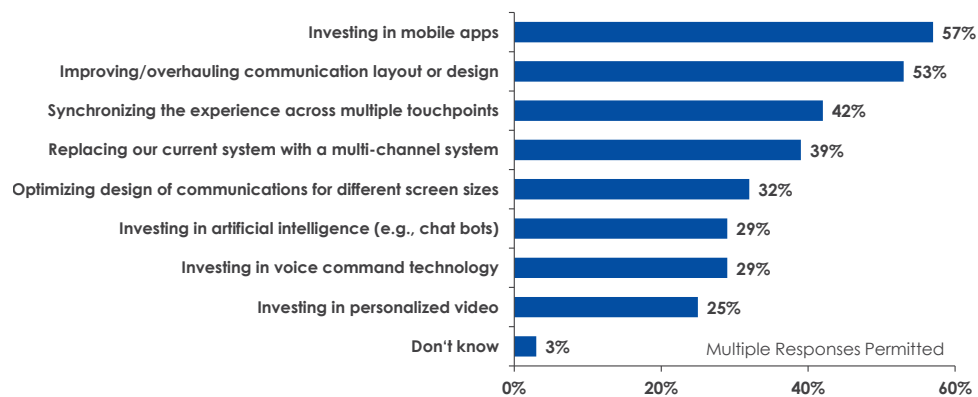
Communication Strategy for Millennials	Most Common Communication Types Sent to Millennials Today
Our strategy varies based on the purpose of the communication (N=93)	1. Product Information (61%) 2. Welcoming Comm. (55%) 3. Reminders (53%)
We use a specific strategy when communicating with Millennials (N=53)	1. Product Information (55%) 2. Statements (53%) 3. Bills, Receipts, Welcoming Comm., Updates on Events/Activities (43% each)
Millennials' communication preferences have become the driving force behind our entire communication strategy (N=31)	1. Product Information (65%) 2. Reminders (48%) 3. Customer Service Correspondence (48%)
We have a single communication strategy; it does not differ by generation (N=28)	1. Reminders (64%) 2. Product Information (50%) 3. Updates on Events/Activities (50%)



## Modifications to Existing CCM Systems Are Needed to Optimize the Support of Millennials

When survey respondents were asked if they thought their current CCM systems were up to today's requirements in terms of supporting Millennials, nearly half of them (47%) reported that modifications would be necessary. Top areas of modification to enable this support included investing in mobile apps, improving communication layout/design, and synchronizing the experience across multiple channels.

**Figure 5: How are you planning to support new and emerging customer communications channels for Millennials?**



N = 97 Respondents who think modifications to their current CCM systems are necessary to support Millennial communications

While communicating to Millennials does not require an entirely new strategy, many enterprises acknowledge that Millennials' individual requirements are changing the market as a whole. For example, Millennials want empowerment—they want to take ownership of their communications. They also expect short response times and a single brand experience even when communicating through multiple channels. These shifting requirements indicate that the role of CCM is changing for enterprises—rather than being operationally driven, it is now becoming strategically driven. Enterprises are becoming increasingly customer-centric, and they are beginning to rely more heavily on their CCM systems to execute on their customer communication strategies.





## InfoTrends' Opinion

Millennials are the new generation of workers and citizens that will largely determine the shape of the economic and social landscape of the future. Like other generations, Millennials have their own preferences when it comes to communications. Despite any preconceived notions, our research suggests that implementing a specific strategy for Millennials may result in a higher level of customer churn. All communications, whether they are aimed at Millennials or any other generation, should be relevant, personalized, channel-sensitive, and timely. Most of the communications that are designed for Millennials today are transactional in nature and sent electronically, but there is no single strategy that works best for communicating with these individuals. One thing is for certain—Millennials are creating an urgency to digitize communications. Although all channels will play a role in the marketing mix of the future, mobile apps will become increasingly important as consumers become ever more comfortable with digital technologies.

## Recommendations

Here's our advice when it comes to Millennial communication strategies for CCM:

- **Address the digital experience to deliver the best experience for Millennials.** Millennials account for a considerable share of CCM customers (33%) and an even larger share of revenue percentage (41%). These shares are only expected to increase as the youngest Millennials come of age, so this demographic cannot be ignored. Enterprises must ensure that their CCM offerings resonate with digitally-savvy Millennials as well as the up-and-coming Generation Z demographic.
- **Focus on the communication, not the audience, to help minimize churn.** According to InfoTrends' research, using a different strategy for Millennial customers is associated with a higher Millennial churn rate. Rather than relying on perceived demographic differences, enterprises that offer CCM solutions should market their offerings with more consideration for the purpose of the communication itself.
- **Look closely at mobile capability when selecting CCM solutions.** Although effectively communicating to Millennials does not require a special or unique communication strategy, enterprises utilizing CCM systems should bear in mind that Millennials do tend to favor electronic channels, and mobile applications will be of paramount importance moving forward. When selecting CCM solutions, InfoTrends recommends paying particularly close attention at the features and capabilities that enable communications for mobile channels and devices.



- **Optimize interactions over the entire communications lifecycle.** CCM requirements continue to change, forcing enterprises to re-evaluate their systems. When exploring their options, enterprises should consider their functional requirements while also assessing the customer interactions that occur throughout the communication lifecycle. CCM systems must be able to optimize these interactions to be more impactful. This might involve using interactive tables and charts, audio and video controls, social media interaction, etc. with a strong call to action or enabling collaboration between the stakeholders involved in the communication process.

***Be sure to keep an eye out for our final article, which explores the state of play for existing CCM systems!***



## Appendix

### Research Background

Keypoint Intelligence – InfoTrends recently conducted a structured web-based survey among 208 enterprise respondents in the United States (N=128) and United Kingdom (N=80) focused on three highly-regulated industries: Financial Services, Insurance, and Healthcare payers.

This independent research was sponsored by Smart Communications, which is dedicated to evolving the CCM market by sharing knowledge, insights, and best practices. In conducting this research, InfoTrends' key objective was to understand the role of customer communications in helping enterprises and provide recommendations about CCM requirements for agile business environments. This involves scaling/improving customer communications while also developing the ability to deliver meaningful and purpose-driven messaging.

Our research focused on addressing three key questions:

1. How are enterprises using communications to protect/promote their brands?
2. How do CCM solutions factor into efforts to communicate with Millennials?
3. What is the state of play with peoples' current CCM systems?

This document is the second in a series of three analysis reports and focusses on how CCM solutions factor into efforts to communicate with Millennials. The other two questions are addressed in separate reports.

### Demographics

As noted earlier, this survey targeted enterprise respondents. The greatest percentage of these respondents (39%) reported working in operations (e.g., claims/investment management). Marketing respondents were terminated from participation. Other key demographic details are as follows:

- About 58% of respondents worked for small (500 to 999 employees) or mid-sized (1,000 to 4,999 employees) organizations. The remaining 42% came from large enterprises with 5,000+ employees.
- Most enterprises (64%) considered themselves to be leaders in terms of technology adoption. In addition, over three-quarters were familiar with the term CCM.
- Respondents are largely complacent with their current CCM systems.



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