



# Smart Communications Study: Customer Conversations in 2020

New Challenges, Changing Expectations and Accelerated Digital Transformation



## INTRODUCTION

**At the end of 2019, very few people could have predicted how the new year would unfold.**

Business leaders faced an unexpected economic downturn, remote work, shutdowns and more, leading them to rethink goals, priorities and strategies nearly overnight. But despite any internal shakeups, companies had to ensure they conveyed a sense of continuity and assurance to their customers.

In the face of uncertainty, already high customer expectations continued to grow, meaning businesses needed to evolve quickly to meet new demands. And with face-to-face interactions and paper-based communications posing health risks and inefficiencies, many business leaders chose to accelerate digital transformation initiatives to ensure customer satisfaction.

To gain a better understanding of the impact new challenges, changing expectations and accelerated digital transformation have had on consumer preferences and business priorities, Smart Communications surveyed both consumers and business leaders from the U.S. and UK for its annual benchmark report.

**65% of businesses**

identified digital-first approaches they could implement quickly as a result of the COVID-19 health crisis



The research reveals consumers' increasing preference for a digital-first approach from communication-heavy industries like insurance, financial services and healthcare, plus how consumer expectations compare to what businesses actually deliver. This year's report also explores how businesses pivoted their communications strategies to adapt to a new normal and whether these rapid changes were deemed successful in the eyes of the consumer. All data included in the report is from the U.S. and UK combined, unless otherwise stated.

## KEY FINDINGS INCLUDE THE FOLLOWING:



**1** Consumers overwhelmingly prefer a digital-first approach.



**2** U.S.-based consumers are happier with business communications than those in the UK.



**3** There is a disparity between what businesses think they are delivering versus what consumers receive.



**4** An end-to-end digital experience is more important than ever.



**5** Enterprises are scaling the multichannel customer experience.



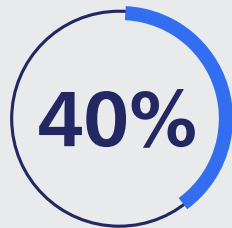




## KEY FINDING #1:

### Consumers overwhelmingly prefer a digital-first approach.

Even prior to COVID-19, an increasing number of consumers were beginning to prefer digital communications over paper-based or in-person interactions. However, the global pandemic was a tipping point with nearly 40% of consumers in the U.S. indicating they changed their preference from direct mail to digital communications – a shift that can mostly be attributed to the speed at which digital communications can be delivered, as well as health concerns associated with the coronavirus.



of consumers in the U.S. indicated they changed their preference from direct mail to digital communications

**86% of consumers**  
prefer digital over  
other forms of  
communications



When it comes to the specific type of digital communications consumers prefer, email is the overwhelming preference, as opposed to channels like mobile apps, SMS messages or chatbots. And email is only growing in popularity. Banks in the UK, for example, saw an increase of nine percentage points (from 69% in 2019 to 78% in 2020) of email as the preferred channel of communication.

#### Banking consumers increasingly prefer email communications



But while consumers overwhelmingly prefer a digital-first approach, the majority of businesses – especially in the U.S. – have a strong appetite to implement digital transformation initiatives but cited they “still have work to do” to be fully digital-first.



## Actionable Insights



A digital-first approach is no longer just a “nice to have,” it’s a “need to have.”



Companies that invest in a digital-first approach have an edge over their competition.



Consumer preference for digital communications will only continue to increase, so companies must put the necessary processes and technology in place to succeed.





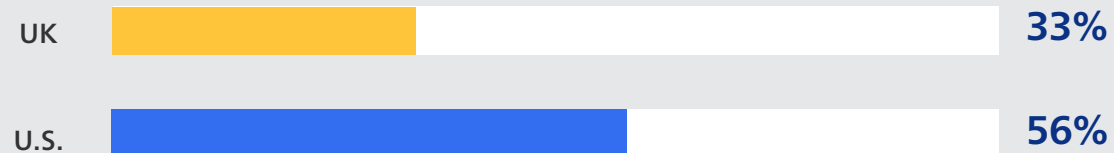
## KEY FINDING 2:

### U.S.-based consumers are happier with business communications than those in the UK.

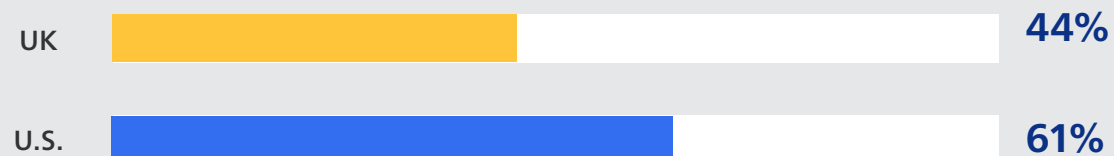
Regardless of which side of the pond consumers call “home,” they expect efficient and seamless experiences. However, consumers’ opinions of how companies communicate with them vary by region. In the UK, for example, consumers’ favorable perception of communications from insurers and banks declined to 33% and 44%, respectively, while in the U.S. they were as high as 56% and 61%.

#### U.S.-based consumers are generally happier than their UK counterparts

##### Insurance



##### Banking



In terms of communications specific to COVID-19, U.S.-based consumers' perceptions of communications were also more positive, with the healthcare sector receiving favorable ratings among 44% of consumers in the UK and 56% in the U.S.

So why are U.S.-based consumers seemingly happier? The more positive opinions could be due to receiving communications that are more tailored to their individual preferences. UK-based businesses should consider examining how their U.S. counterparts interact with consumers in an effort to better meet their own customers' expectations.



## Actionable Insights



It's important to avoid a "one-size fits all" approach when it comes to customer communications, especially for companies with global audiences.



Companies that communicate based on demographic data like geography and consumer preferences will be more likely to succeed in the long run.



Customer expectations will only continue to evolve over time, and companies must adopt the technology and processes today that will support an ever-changing landscape.





## KEY FINDING #3:

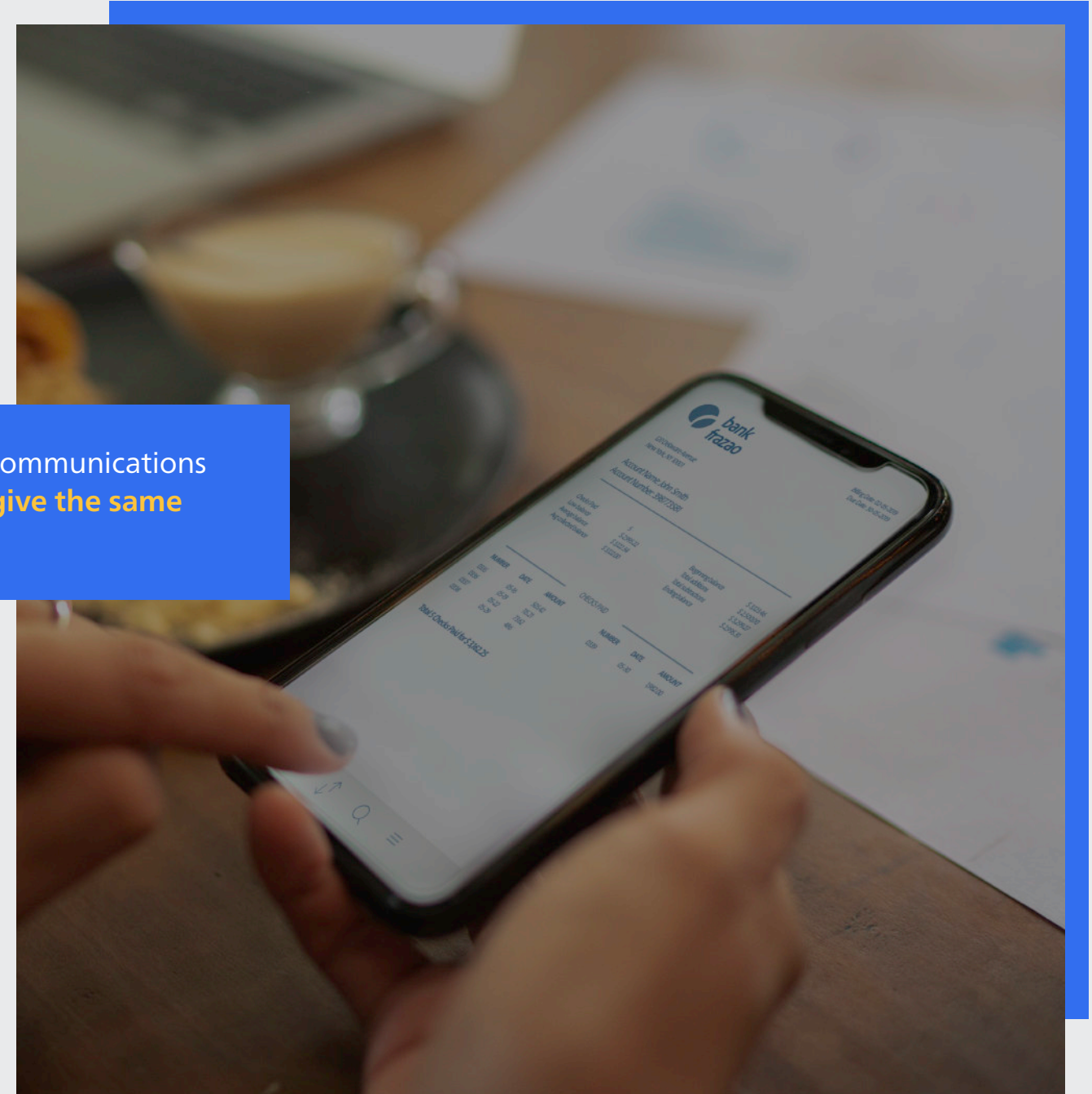
There is a disparity between what businesses think they are delivering versus what consumers receive.

**63% of businesses**

think they are delivering excellent or very good communications to their customers, but only **51% of consumers give the same ratings to the communications they receive**

Missing the mark on customer communications poses a significant risk to businesses. Businesses seemed to recognize their customers' extraordinary circumstances during the COVID-19 pandemic, with three-quarters of healthcare companies (U.S.) believing their communications improved since the pandemic began. However only one-third of all consumers indicated they felt the quality of healthcare communications improved throughout the crisis.

This year's survey also found that 52% of consumers are likely to switch vendors if their communications expectations are not met. This leaves little room for error and is a strong indication that businesses need to prioritize customer communications in the near term.





While some industries performed better than others, the banking and insurance industries fell flat when it came to recipients' perceptions of communications versus what companies are producing and sending. For example:

### In the UK:

**55% of banks** rank their communications favorably, compared to **44% of consumers**

**55% of insurers** rank their communications favorably, compared to **33% of consumers**

In both 2019 and 2020, the insurance industry had the lowest consumer rating and the largest gap between business and consumer perceptions among all of the sectors surveyed. Unfortunately for the insurance industry, it has lagged behind others when it comes to adopting digital transformation, but now more than ever, insurance carriers need to focus on customer retention and loyalty.

### In the U.S.:

**79% of banks** rank their communications favorably, compared to **61% of consumers**

**72% of insurers** rank their communications favorably, compared to **56% of consumers**



## Actionable Insights



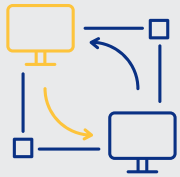
Consumers hold companies they do business with to a very high standard when it comes to communications, and these companies need to ensure they are adapting to meet customers' needs.



It's no longer only about the communications companies distribute, consumers expect to engage in two-way conversations where every touchpoint is seamless and efficient.



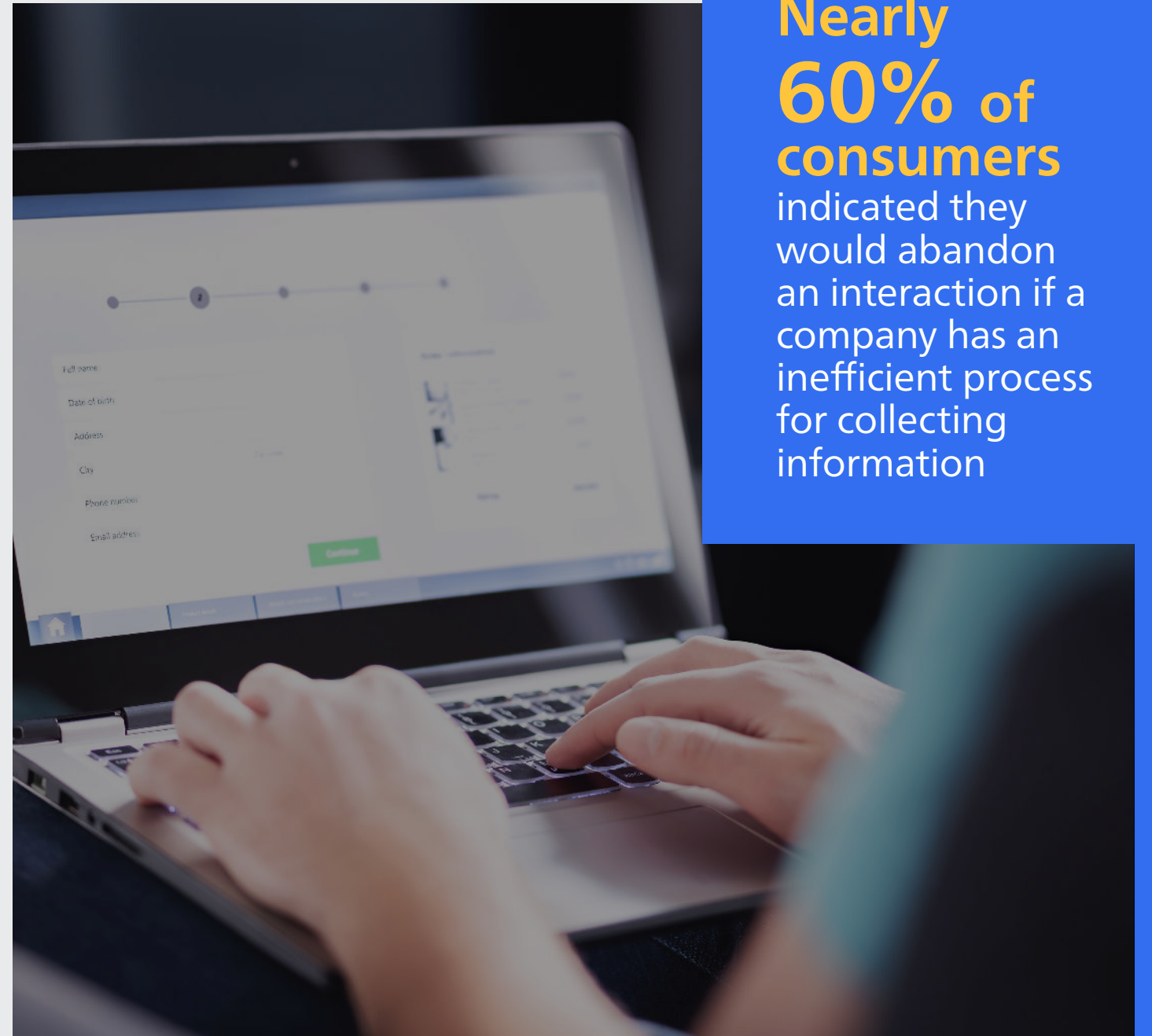
The only way businesses and consumers can engage in a two-way dialog is to invest in technology that can automate and scale customer conversations.



## KEY FINDING #4:

### An end-to-end digital experience is more important than ever.

For the first time, the survey gauged how likely a consumer would be to end an interaction with a company if the way they collect information is too difficult – and the results were very telling. **The majority of consumers in both the U.S. and the UK (56% and 57%, respectively) indicated they would be likely to abandon an interaction if a company has an inefficient process for collecting information.** Unfortunately, businesses indicated that adaptive forms – where companies gradually collect data at strategically timed intervals – are the least common means of collecting customer information. When asked to indicate all of the ways that companies collect customer information, most are still using a combination of paper (about 50%) or static, online forms (nearly 60%).



**Nearly 60% of consumers** indicated they would abandon an interaction if a company has an inefficient process for collecting information



Having meaningful customer conversations has always been important, especially as expectations continue to evolve at a rapid pace. Companies across industries are navigating how to adapt their businesses to meet these changing needs.

For many businesses, the way they collect information from their customers is increasing in importance, as seen in the consumer preferences below:



And when asked to complete a form online, the most important features to consumers are:



However, with static, online and paper-based forms ranking among businesses as the most common, enterprises have a significant opportunity to transform their forms processes.

The graphic is titled "Actionable Insights" and features a lightbulb icon inside a cloud. It lists three key insights for businesses to improve their forms processes.

- ✓ Beyond collecting information and checking boxes, companies need to understand customers on an individual level to uncover new ways to meet their needs and provide additional value.
- ✓ If interactions are still paper-based and static, enterprises risk creating a significant gap between what customers expect and what is being delivered.
- ✓ To be successful today, enterprises must engage their customers in dynamic conversations, which means they must first more effectively collect customer information and then use that information to respond appropriately, quickly and via preferred channels – something that remains critical throughout every stage of the customer lifecycle.



## KEY FINDING #5:

### Enterprises are scaling the multichannel customer experience.

While there remains a gap in consumer expectations and what companies are delivering, it's clear that businesses know they need to make investments to improve the quality of customer conversations.

To achieve this, companies now have the following goals:

**72% of companies** are looking to provide more opportunities for consumers to request information on-demand

**74% of companies** aim to provide more timely responses

**72% of companies** plan to shift away from print-based communications to a digital-first approach

**72% of companies** want to streamline data collection processes for a better customer experience

And, in terms of the investments needed to meet these goals:



**76%**

of companies are budgeting to make communications more mobile-friendly



**63%**

of businesses plan to leverage cloud-based communications platforms for a more multichannel approach



**63%**

of companies are aiming to develop or enhance preference centers that can be easily updated as consumer preferences evolve



## Actionable Insights



Beginning with the customer's very first interaction with a business, companies must better understand customer preferences and behaviors to continue the conversation.



Providing consumers with an opportunity to share and update preferences gives them some ownership in the relationship, ultimately increasing loyalty and making them less likely to switch providers.



Personalizing every interaction builds trust and strengthens the customer relationship, helping companies deliver real value to their customers' lives.



## CONCLUSION AND NEXT STEPS

The COVID-19 pandemic has fundamentally changed many aspects of the world, including how consumers and companies interact with each other. Now more than ever, consumers expect a digital-first approach, and the need for enterprises to digitally transform will only continue to increase in importance.

The best way for companies to succeed in both the near- and long-term is to invest in cloud-based solutions that optimize the end-to-end customer experience. Business processes and technology must continue to evolve and scale as customers' needs change over time.

This research revealed that consumers are demanding a digital-first approach. While businesses know they need to deliver on this, they do not necessarily have the technology or resources in place to support it today. Enterprises need to invest in a robust platform that provides integrated, multichannel, two-way conversations to facilitate a seamless end-to-end customer experience. These richer, more meaningful exchanges in turn help businesses build stronger, long-term relationships with customers.

While these changes and challenges can seem daunting, it also presents a great opportunity for businesses to be industry leaders and choose and invest in the path that will launch them to success – the timing has never been better for companies that want to adapt to be a part of that future.



## SURVEY METHODOLOGY

Smart Communications commissioned Harris Interactive to survey consumers in the UK and U.S. about communications in financial services, insurance and healthcare. In the fall of 2020, Smart Communications targeted fields of nationally representative consumers in both the U.S. (605 respondents) and the UK (555 respondents) who use companies in at least one of the three sectors.

B2B research (204 interviews were completed in the UK and 299 in the U.S.) was conducted within financial, insurance or private healthcare companies with employees at management level or above and who are familiar with the communications their company sends out.

### About Smart Communications

Smart Communications™ is the only provider of a customer conversations management platform. More than 500 global brands rely on Smart Communications to deliver smarter conversations across the entire lifecycle—empowering them to succeed in today’s digital-focused, customer-driven world while also simplifying processes and operating more efficiently. This is what it means to scale the conversation. Smart Communications is headquartered in the UK and serves its customers from offices located across North America, Europe, and Asia Pacific. The Smart Communications platform includes the enterprise-scale customer communications management power of SmartCOMM™, forms transformation capabilities made possible by SmartIQ™ and the trade documentation expertise of Smart-DX™. To learn more, visit [smartcommunications.com](https://www.smartcommunications.com).



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