



Bringing it all together

The Multichannel Swap Shop

Exploring the Behaviour of the Multitasking,
Multicultural, Multichannel Customer



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Executive Summary

Customers today are changing more than the organisations that serve them. As customers gain access to more channels and increasingly sophisticated technologies, they are becoming armchair researchers, using multiple channels to get access to the best value propositions, information and advice. They naturally exploit the various strengths and weaknesses of the channels given to them. They are, however, technology agnostic – they interact with companies rather than channels and expect the web channel, contact centre and face-to-face channel to have an awareness of their actions regardless as to which channel they have used before.

The challenge for organisations is to start to respond to the demands of this increasingly multichannel, multitasking and multicultural customer base. Multichannel working often challenges the traditional silos of contact centre, physical presence and website. Most companies in a competitive market are also driven to channels because of the revenue potential or economies that they offer rather than what they deliver to the customer. This is most clearly illustrated by the fact that multichannel capability has existed for a number of years now but only around 10% of companies handle more than telephony and e-mail in terms of inbound contact.

With the changing customer environment, it is vital for organisations to understand why customers use different channels in order for them to respond effectively with multichannel strategies.

Customers unconsciously operate with a cost-benefit analysis in mind when they interact with companies. Factors that influence channel choice include whether customers believe that the channel is useful to achieving their task, is usable and does not require significant time and effort to master and is then, used.

Each channel has significant perceived strengths and weaknesses depending on:

- Where customers are in the decision making cycle.
- The type of product and service – including factors such as value, tangibility, complexity, familiarity, risk, frequency and trust.
- The extent to which they support customer aspirations – whether they are task driven and positive (visionaries), negative and frustrated (customers in crisis) or simply doing something that they perceive is a chore (utilitarian).
- What context the customer is in – including channel accessibility and whether they have the time and energy to use the channel.

These are also influenced by psychological needs such as:

- Perceived amount of personal control – online is often perceived as having significant strengths in this area.
- The need to negotiate through a world offering us more choice and complexity.
- The need to reduce risk and uncertainty – through dealing with brands and services that customers trust and by seeking expert advice.
- How much they enjoy doing the activity.

Organisations need to decide the extent to which they integrate channels and how to handle these potentially very diverse media effectively into their contact centre and physical channels – bearing in mind the economies of scale generated from contact volumes and blend of self service and human services. For example, e-mail can be an inefficient and expensive channel when compared to instant messaging or SMS, depending on how it is handled and volume. However, channels with low volume (e.g. video) are often too expensive to consider as part of a multichannel strategy unless there is a compelling business driver for it.

Multichannel strategies also need to be considered in the context of future developments such as:

- Younger customers are living their lives online – therefore they expect to interact with organisations on a similar basis.
- Devices are becoming more converged, networked and location aware - which starts to break down the boundaries between the physical and virtual world.
- Customers are relying on increasingly networked communities of expertise that extends beyond the company or product that they are using.
- “Google” intelligence is becoming more influential in the way that customers interact with organisations (whether it is accurate or not).
- The influence that the socially networked web has on CRM strategies as more and more customer intelligence exists in the public domain.

Key to the success of multichannel strategy is to ensure that the cross channel experiences are explicitly designed to support the needs and goals of the customer. Creating more opportunities to interact with customers can potentially increase the value of these interactions. Multichannel is there to be exploited and can potentially deliver increased levels of personalisation and intimacy with customers as long as it is approached as an integrated strategy. This extends beyond the technology and implies different ways of organisational design through integration and delivery of customer experience across traditional silos.

Introduction and approach

As we move into a globalised, digitised, converged, mobile 24/7 society, there is an opportunity for organisations to start to engage with customers at renewed levels of intimacy and personalisation over multiple channels and media. Multichannel customers are often more profitable than single channel but they expect a channel agnostic approach from organisations – they take for granted that the contact centre knows about activities and information on the web channel and the branch space etc.

Organisations often seek to shift customers to lower cost channels to “self serve” – but is this what customers want? With power and control shifting from organisations to customers, can organisations afford not to understand what customers are looking for from the channels available to them?

This paper seeks to understand the psychology of why customers choose to talk to organisations over which channels and how these insights can be used to optimise organisational channel strategy. It looks at how a more globalised, connected, networked and informed world changes the way that customers view sales and service. It also investigates how the boundaries between the physical and virtual worlds are starting to blur.

It suggests that many aspects of the customer decision making process are mediated by “networked experts” who are frequently part of customers’ social network rather than company employees. It also underlines the importance of getting a consistent and coherent cross media strategy which often challenges the traditional silos of physical channel, website and contact centre. Despite the fact that multichannel strategies have been around for a number of years now, it finds that many companies have yet to implement a successful multi channel strategy despite the fact that the customer is demanding one.

The work comprised extensive research of the current industry and academic literature followed by a set of interviews and focus groups with 32 subjects – of various ages, demographics and cultural backgrounds – which investigated both shopping and service behaviours with respect to channel choice.

The Multichannel Customer Experience

The Changing Customer

The way that we consume goods and services is changing. This is the age of the “research shopper”, who often comes to the party armed with more knowledge than most of the company representatives on the front line. Customers have more choices than ever, and the internet makes it all too easy to click elsewhere if expectations are not met. More than ever, customers are in control.

In terms of purchasing behaviour, customers are starting to use channels in a complementary fashion.

- 54% of European online customers researched a product online and purchased it offline and 37% researched offline and purchased online [2].
- Forrester [27] estimates that in the US, almost \$400 billion of store sales — or 16% of total retail sales — are directly influenced by the web as consumers research online and purchase offline. They predict that this will expand at a 17% compounded annual growth rate over the next five years, resulting in more than \$1 trillion of store sales by 2012.
- In Italy and Spain people are twice as likely to buy offline as online after researching on the internet, but in Britain and Germany the numbers are evenly split.

Half of these customers cited price comparison among retailers as the reason for researching online, more than any other factor. Those who purchased offline cited immediacy, the ability to see an item physically and shipping costs as the top deterrents to online purchasing. However, almost half of cross-channel customers buy from a different retailer than the one that they used to do research [3]. This presents retailers, in particular, with a strategic challenge. Is their investment in an elaborate online experience only driving custom to their competitor? How are people using physical high street channels – and how can they track whether their web channel is influencing behaviour in the physical channel and vice versa?

This is happening in an environment where ‘customer experience’ is, in the words of one telecoms strategy director, “the new black” [4]. Most organisations are now capturing everything from customer satisfaction data to “voice of the customer” and transaction data. Combine this with the opportunity to interact with customers over multiple channels and companies theoretically have the opportunity to develop new levels of intimacy, loyalty and personalisation with their customers. However, reality seems to point the other way – multichannel strategies are often driving customers away.

Here are some classic multichannel customer experiences that were related to us during the research:

- “My Broadband wasn’t working and when I tried to contact the company to solve the problem a voice announcement directed me to a website that I couldn’t access because my Broadband wasn’t working. I then sat on hold for 25 minutes. When I finally got through . . . to Bombay . . . they asked if I had plugged my computer in and if I’d paid my bill but they couldn’t get it working. This cost

me 50p a minute! Finally they decided that it was my PC that was the problem and told me to talk to my PC supplier. So I had to start all over again!” (Male, 50-60).

- “Once a year, when I try and check my investments online, I go through the frustrating ritual of having to prove I am who I am with my bank because I can never remember my password. I first ring the helpdesk who ask me lots of standard security questions about withdrawals and direct debits. I explain that I don’t have a current account and, therefore, don’t actually have any of those things. They explain that they can’t prove who I am and then send me a letter – which generally arrives in about 10-14 days!! This I have to sign and return. And, hey presto, I get another letter back in another 10-14 days saying that they still can’t prove I am me and I need to turn up at a bank branch with a passport and they will then be able to send me another letter in another 10-14 days telling me my new login details. At this point I usually give up . . . and then do it all again next year [laughs]!” (Female, 30-40)
- “I actually threatened [an online retailer] that I would turn up at their distribution depot – which is just down the road – to see if I could sort out my problem but they told me that they couldn’t receive visitors and I needed to use the proper channels” (Female, 50-60).
- “My car broke down on the way to the airport. Now I had a flexible ticket so I decided to ring up and move myself to the next flight – no worries. But it seems that the airline only allows you to change bookings online and they never seem to answer their phone. To add insult to injury they also charged me £1 a minute for the privilege of not speaking to anyone!” (Male, 30-40).

These may seem to be isolated worse case scenarios, but these types of experience were recurrent themes in the customer interviews that were conducted as part of this research. Many of the organisations involved seem to be ignorant that their channel strategy is not always helping the customer achieve their goals.

Slow on the Uptake: Why Organisational Inertia has Held Back Multimedia Contact

Partially, this situation is a product of the ‘Demand Delta’ [5], the inevitable contradictions and tensions that occur when organisations attempt to balance the customers’ desire for good service (which they don’t necessarily want to pay for) with the organisations’ desire for efficiency and cost management. In an age of self-service and automation, companies are continually trying to shift customers to more cost effective channels, with little or no intervention from expensive human beings. However, many “internet-only” banks, retailers and airlines have had to bow to public pressure and introduce other channel such as a contact centre or a physical outlet.

The rest of the problem frequently lies with organisational inertia. Multichannel contact has been on the agenda for at least 5 years now but is still less than business as usual. According to a 2007 survey by Contact Babel [6], non-telephony contact accounts for less than 10%

of transactions into UK contact centres. On a cursory glance around a selection of large European industry websites, few display any indication that they have much in the way of multichannel functionality beyond that of simple ordering.

It seems that many organisations believe that either their customers don't want multichannel contact or that they think the costs in implementing it are prohibitive. It also demands a shift in the way that sales and service channels are managed – given that the web channels are often run separately to the contact centre.

Customers, however, seem to want to open up more channels of communication with companies. A survey for BT Finance Industry Solutions of online customers in 2006 [1] showed high levels of demand for access to customer service via multiple modes of contact:

- 39% said they would like to be able to deal with their finances on their way to and from work.
- 30% were interested in an Instant Messenger service while online.
- 58% of 18-24 year olds were interested in transactional SMS.
- 50% said they would expect a proper response (not automated) to an e-mail sent to a company within 1 hour.
- 28% were interested in banking services for PDAs, BlackBerries and mobile phones.

However, 97% of customers also expect these experiences to be consistent and seamless regardless of technology [7]. Companies that get this right can, according to research, reap economic rewards. The multichannel-prone customer tends to buy more frequently, be more likely to partake in cross selling and upselling, make an average number of product returns, receive more marketing contacts and have been customers for a longer period of time than single-channel customers [8]. A McKinsey survey [9] reports that “multichannel customers spend 20-30% more, on average, than single-channel ones do.” An IBM survey went further than this suggesting that customers using 2 channels spent 114% more than single channel shoppers, with customers using 3 channels 48% more profitable than those using 2 [10].

Getting Inside Customers' Minds: The Psychology of Channel Choice

The key to deploying an effective multichannel strategy is an understanding of why customers choose to interact via the channels that they do.

Not all customers focus all the time on what products and services they are consuming. In our increasingly busy and exhausting lives value for time and value for energy can be as important as value for money. A good proportion of purchasing and service behaviour involves regular-to-repetitive repeat transactions that don't need much reflection or research. However, channel choice depends on the context of use, the motivation of the customer, the type and frequency of interaction and the kind of organisation in question.

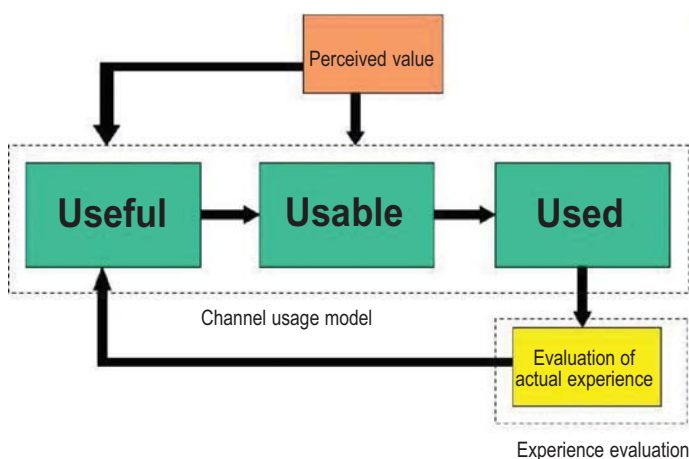
Basic Channel Choice: Useful, Usable, Used

Many attempts have been made to predict customer channel choice and the conclusion is often "it depends". Rather than develop hard and fast rules, this research suggested that a number of distinct factors were at work when customers went about making a decision on how to interact with a company.

The customer's choice of channel often comes down to an unconscious cost-benefit analysis which includes value for time, money and energy, plus associated risks (financial, social and psychological) and the experience itself (did I get what I wanted/expected and did I enjoy the experience?).

Channel behaviour is best predicted from a person's attitude towards the use of the channel for the specific task (e.g. purchasing something or asking for service) as well as their general attitude towards the channel itself (e.g. whether they like using the telephone or the internet) [11,12]. We also want to minimise the amount of effort taken to complete our task since we are often time and energy starved.

In order for a channel to fulfil its function, it must be:



- **Useful** – Customers need to believe that the channel will actually help them do what they want to do (i.e. functionality) otherwise they won't even consider using it. Previous experiences will shape these perceptions.
- **Usable** – Customers need to be able to do things easily and effectively (i.e. usability). This includes the ease of accessing the company, finding alternatives, evaluating these alternatives, making a choice, ordering and receiving the product and post sale service or return. Problems with accessibility and usability with any channel (website unavailable, long download times, confusing menu structures, long queues, crowds, delays in postal delivery) can seriously harm the customer experience and raise psychological costs.
- **Used** – Customers need to actually successfully use and experience the channel to achieve their goals, otherwise they are unlikely to use it again. This encompasses factors such as marketing and channel education so customers know what channels are available to them and how they can help.

A channel that is not regarded as useful or usable is unlikely to be embraced by the majority of the customer population. However, useful and usable channels are still not necessarily adopted (as many unloved and unused (but perfectly usable) self service ticket machines at many mainline stations can testify!)

Customers who have previously successfully used one channel display stronger preferences to continue to do so irrespective of the product or service concerned because they have a higher positive perception of that channel.

Acknowledging Channel Strengths and Weaknesses.

Customers often find that certain channels have strengths and weaknesses, depending on where they are in the decision cycle.

Information gathering

The Internet is considered to be both quick and convenient for gathering information but can be perceived as risky for purchasing or logging personal details because of concerns about security – as one older customer said: "I don't put my details on the internet – you hear all these stories about fraud, so I don't do it!" (female, 60-70).

One factor against electronic channels for information gathering, for physical products especially, is not being able to touch and test them since high street shopping can be considered to be a "contact sport". Customers want to try shoes on to see if they fit, test makeup to see if it is right, feel whether the sweater is as soft as it looks and smell freshly baked bread. These goods are much less amenable to the online channel – until we can find a way to transmit smell and touch!

Purchasing

On the other hand, customers may consider it laborious to search for information in the high street but regard it as less risky to make purchasing decisions there. Searching in one channel and purchasing

in another channel can also provide economic benefits for the customer. For instance, searching on the Internet may provide customers with price information, which allows them to have a better deal in the store through negotiation or better informed choices. This puts the customer in control and gives them positive reinforcement since they believe that they have got themselves a bargain. As one customer related: "We went into [an electrical retailer] with a print out from the website – it gave me more clout!" (female, 20-30). However, this can work the other way – "I got a great price online but got told in the shop that it was a web price only – this is really irritating! Whether I buy it from the shop or the website, does it matter? – it's the same store! Needless to say we bought elsewhere" (male, 30-40).

The additional problem with online channels is that, although the purchase is instantaneous, for physical products the actual process of getting the product is slow. As one customer put it, "internet shopping is a waiting game – you get the excitement of the purchase and then the seemingly endless wait as it makes its way to your doorstep" (female, 30-40).

Post sales and Service

For post-sales activities and service, online channels were ranked high in terms of information search and availability but low against offline channels such as face-to-face and the contact centre for responsiveness, flexibility and reassurance. This implies that organisations need to pay attention to the role of the human channels to deal with post sale problems rather than using them to clinch the sale and then abandoning customers to online only problem and fault reporting.

Mediating Factors: Type of Product / Service

The type of product or service may also determine which channels customers want to use.

There are a number of things that lend themselves more to electronic channels than physical ones. From this and other research [14], the key variables seem to be:

- Cost and frequency of purchase,
- Whether the product or service is tangible or intangible,
- The complexity of the product or service,
- The risk associated with the product or service (whether through value or uncertainty).

Each of the interviewees as part of this study was asked to rate their channel preferences for a number of product and service types. The predominant channel choices for this group of customers are indicated below.

Product	Frequency	Complexity	Tangible	Sales	Service
Mortgage	L	H	N	●	● ★
Insurance	M	M	N	*	★
£ account	H	L	N	★ *	★ *
PC	L	H	Y	● *	● ★
Electronics	H	M	Y	● *	● ★
Holidays	M	L	Y	● *	★
Books, CDs	H	L	Y	*	*
Groceries	H	L	Y	● *	●
Utilities	M	L	N	★ *	● ★
Telecoms/BB	M	H	N	★	● ★
Local gov't	M	M	N	N/A	● ★
Central gov't	L	M	N	N/A	● *

Key

- ★ – Phone
- – F2F
- * – E-channel

For products and services that are low frequency (i.e. less familiar), high complexity and perceived to be risky (whether through price or uncertainty), the human channels were rated higher for both sales and service. The products most commonly purchased through the Internet include software, books and music. Not only are these products that involve little risk in terms of defects, fragility, and style, fabric and colour differences, they are products where customers have higher levels of familiarity.

Many of the customers interviewed instinctively cited human intervention channels for service issues – they said that they wanted to either go to the branch or shop or ring the contact centre to sort out issues with many of the products and services (especially the tangible ones such as groceries or electronic equipment). Partially, this is a need for interaction with a service employee for reassurance and action [15] but it is also about the “hassle factor” involved with returning such items. However, human intervention was not deemed necessary (or particularly desirable) for the low risk, high frequency and low complexity interactions, e.g. balance enquiries.

Several of the older subjects interviewed simply did not want to use channels other than face-to-face because they were technophobic and preferred interacting with employees – “I try to only do business now with companies that let me go in and see them. I find it really frustrating when they won’t let me. I was actually in the council offices the other day and the lady at the counter told me that she couldn’t deal with me and I had to use the kiosk on the other side of the room! If I ring them, it’s impossible to get through! Is this what I pay my council tax for?” (female, 60–70).

Yet another moderating factor relates to product and service classification. Nelson [16] developed a categorisation of products and services into:

- **Search** - extensive information is available on them and they can be evaluated by the customer because they are generally tangible, e.g. computers, airline tickets.
- **Experience** – these are difficult for the customer to evaluate without experiencing them because they incorporate intangible elements, e.g. restaurants, hotels.
- **Credence** - these are difficult to evaluate even after they have been experienced due to lack of specialist knowledge, e.g. medical treatment, car repairs. Customers are likely to be very wary of using electronic channels for these. However, they are often open to searching for information on the Internet in an effort to learn more about these complex issues as evidenced by the number of patients who present their doctor with vast amounts of print outs from the internet about their condition but look to their doctor for reassurance and solutions.

Traditional experience type products, such as houses, are gaining increasing presence on the web with virtual tours available so that customers can at least partially experience the product before visiting the home for sale. Such strategies are changing some experience products into search products [17].

However, the boundaries between search and experience can be blurred further using multichannel strategies. Normally, people who are house hunting in the real world can often have problems out of hours getting through if they call the estate agent on impulse. However, in the Netherlands, Australia or the UK, customers can get instant text information such as asking price, square footage and number of rooms to their mobile phone using services such as SMS Een Huis, Real Estate Depot or Text Wow.

Mediating Factors: Customer Motivation

Channel choice will also be influenced by the customer’s motivational and emotional state – i.e. what are they looking to achieve and how do they feel about it. There are 3 broad categories of customer in this context that require different things from the channels that companies offer them:

- **Visionaries** – Visionary customers are looking to develop themselves or their lifestyles through the purchase of a product or service (e.g. getting Broadband, booking a holiday). These people are driven by the achievement of this goal and, therefore, want access to interfaces that can help them. They are usually in a positive state of mind. These customers are willing to invest a significant amount of time researching the product or service, especially if it is a large investment (e.g. a mortgage or a car) or is perceived to have risks associated with it (e.g. healthcare, financial products or a holiday). They are often tolerant of self service if they perceive it to be a means to an end. However, for some physical products especially, there may be doubts about online purchases – customers who are visionaries are often anxious that their treasured product will get to them intact – “Will it arrive in one piece? Will I be there when they say they will deliver it?” (female, 30–40). They can be impatient and can become frustrated if they encounter badly designed customer interactions – “After two weeks of researching [an electronic purchase] online, I just wanted some advice because I couldn’t take any more information. I kept getting more of the same – just technical details – but, in the shop I bought it in, he was honest with me and I took his advice” (female, 20–30).
- **Customers in crisis** – they need a solution to a problem with their product or service (e.g. reporting a fault, getting health advice). This doesn’t necessarily have to be the best solution but it needs to be one that works. They are often driven by frustration, anger, worry or other negative emotions. They are, therefore, less tolerant of any channel if they feel that it is not helping them achieve their goal. They are also likely to want reassurance that their crisis will be solved and recognition that their problem is important – “If it gets really bad, I want someone there – not necessarily physically – but I want to hand the problem over to them and be assured that it will be resolved” (female, 50–60). The contact centre, in particular, came under criticism here with one customer commenting – “The general feeling is that the contact centre are being unhelpful, time and time again. That they’re not sympathetic and the person at the other end

doesn't understand how vital it is that you get this problem fixed as soon as possible. It's just another little case that they've got to deal with!" (male, 50-60). Visionary customers who find themselves frustrated with their experiences can quickly become customers in crisis.

- **Utilitarians** – these customers just want to fulfil routine tasks (e.g. paying bills, getting groceries). These tasks are usually regarded as emotion neutral if they go as expected. They are often regarded as low value tasks in terms of the customer's time and energy. Anything that saves time and/or cost and adds value can be seen as positive by the utilitarian customer. These daily habitual shopping routines are often difficult to change. These habits include the ability to touch and feel products and frequent impulse buys of items that were not originally on the shopping list.

The internet was singled out as the channel that had revolutionised life for the utilitarian customer – "I hate going into town now. I can't park, the kids run riot and it's always crowded. I use the internet for pretty much everything!" (female, 30-40). However, customers still want to use multiple channels in this context – "I will happily order my toilet roll online but I like to go and buy my meat at the supermarket – but I don't really need to talk to anyone about it. I don't want to have to mess around with unnecessary pleasantries" (female, 30-40).

Underlying Psychological Drivers: The Dangers of Choice Fatigue

There are a number of basic human traits that tend to govern our behaviour when choosing products, services and channels.

- **Control** – the need to be free to make decisions.
- **Choice** – although choice is good, too much choice can overwhelm us.
- **Risk/Trust/Uncertainty** – the need to reduce anxiety about the unknown.
- **Enjoyment** – the amount of pleasure that we derive from the process.

Control

Control is a basic human need. People are most likely to become enthusiastic about what they are doing when they believe that they are free to make decisions about the way that they do it. This is often termed the 'victim versus volunteer' principal. Forcing customers to go through a self service system when they don't expect it and have no choice to opt for a human advisor causes the kind of frustrations that customers often report with badly designed interactive voice response systems (IVRs).

Channels differ in their levels of customers' perceived control. The online environment is one where users tend to experience high levels of control. With higher levels of control, the perception of risk decreases and enjoyment tends to increase because customers are achieving their goals with a minimal amount of effort [20]. Many online customers actually like the absence of front line employees,

especially since they are often perceived to be unhelpful or uninformed and driven by their measures and targets – "Nothing is worse than when I go into my bank to pay in a cheque and they try and sell me something" (female, 30-40). One customer commented that he preferred the online environment – "I don't have people pestering me to buy or wanting me to "have a nice day"; I don't have people making me feel ignorant; I don't have to queue and I can change my mind right up to the last minute – it's bliss!" (male, 20-30). There can also be dangers for organisations in terms of control when they use frontline employees in conjunction with self service channels – "I was trying to check in at the kiosk at the airport the other day when this lady grabbed my passport and started pressing buttons. I wanted a very specific seat and she rushed ahead of me so I ended up having to waste time queuing up at the check in desk because she couldn't change what she'd done".

Customers are more likely to use self-service channels if they offer them a sense of control and if they do not have to wait to use them. If the self service application performs as expected, provides advantages over interpersonal service, and/or helps customers in difficult situations, customers are more likely to evaluate the channel favourably and, as a result, be satisfied and more likely to use it again.

One of the most interesting aspects that came out of the interviews related to control was when customers wanted to complain. 92% of people interviewed stated that, when they bothered to complain, they preferred to do it using one of the oldest channel technologies – namely a letter (with e-mail as a close second)! Their reasons for doing so related to the fact that paper seemed to have a more tangible and legal aspect to it, that they felt more in control because they could think about the way in which their position could be articulated and that it acted as a catharsis to air their grievance. However, because of the non interactive nature of conventional mail, customers complaining in writing need to trust that the company's answer will fix the problem properly at the first go without further need to put pen to paper.

Choice

The sheer amount of choice that customers now have can be both a blessing and a curse. Choice fatigue is getting increasingly common and too much choice is frequently accompanied by anxiety about making the wrong choice. Given that knowledge is power (or, at least, the illusion of power), channels that can help customers amplify relevant information from the general noise are likely to be successful.

Access to expertise, particularly impartial expertise, is vital here, which is why people are turning to experts, whether online or offline, to help them. Customers don't necessarily trust companies, or their representatives anymore, they turn to friends, families and, bizarrely, even total strangers online to get advice on all aspects of their life. Why not take advantage of the wisdom of crowds? "I always read the reviews, whether it be on eBay or Amazon – it helps to know if other people have used stuff successfully and found all the pitfalls" (male, 20-30).

According to the Pew Internet & American Life project, 33 million American internet users have reviewed or rated someone or something as part of an online rating system. Forrester Research found that in Europe, more than 50% of online customer electronics buyers have checked product reviews from other customers, and that 30% of buyers have actually bought a product online based on someone else's online rating. 15% have written a review themselves.

It helps of course that nearly 900 million customers are online globally and are adding to the vast databases that companies need to produce, as one of our interviewees put it, "scarily accurate" recommendations that promote cross and up selling opportunities.

Increasingly, review/opinion/recommendation websites are encouraging their reviewers to add personal profiles – from someone's age to entire biographies – anything that will give other customers a better feel for how compatible they are with the reviewer, either on a certain topic or in their entire lifestyle. For example, Epinions.com actively highlights the people behind the reviews. Users also build a 'Web of Trust', a network of reviewers whose reviews and ratings they have consistently found to be valuable and will also issue 'tickets' to flag users who have violated their 'User Agreement'.

Yub.com calls itself the world's first shopping social network, with a mission to "provide word-of-mouth on the web, filtered by trusted relationships." Partnering with the likes of Sony, Apple iTunes, Target, Gap, Linens 'n Things and Footlocker, its virtual mall offers 3.3 million products. Yub customers share their opinions on purchases and everything else in profiles and receive a 1% cash-back on every item they buy. When users buy something that is endorsed in a friend's profile, Yub also gives the friend 1% cash back (in Yub's own words: "a reward for bypassing the media middle-man").

Other technologies are also coming along to help – sites like Offertrax, StyleFeeder and Mpire don't sell anything at all. Rather, they keep an eye out for changes and send electronic alerts through an RSS feed or a website when it's time to get a bargain.

Risk/Trust/Uncertainty

Perception of risk has a major influence on customer behaviour. Customers are apprehensive when they cannot be sure that interactions (often with people they will never meet) will allow them to achieve their goals. In other words, uncertainty is introduced into the equation. Risk can be in terms of financial loss, social embarrassment (particularly problematic in traditional Eastern cultures where loss of face has particularly negative consequences) or inability to achieve goals. A customer's psyche generally translates any type of risk into feelings of discomfort. Consequently, perceived risk is likely to reduce enjoyment. As risk perceptions get higher, customers are willing to spend more time and effort on their decision. Thus, higher risk will automatically lead to costs in both time and energy.

Customers associate different types and levels of risk with traditional and non traditional channels. For example, research has indicated that buying by phone or mail is considered more risky than buying in retail stores because of the potential problems with returns. Similarly,

customers may perceive technology-based self service as more risky than traditional forms of service due to the perceived danger of fraud.

Our brains do not like uncertainty, so we seek to reduce it using many strategies.

• Seeking Expert Advice

Some customers may believe that electronic channels do not provide the type of information that can be obtained from customer service assistants with specific expertise. They may prefer to talk to employees who can provide advice, support and recommendations to reduce their perceived risk. As one customer said: "If things go wrong, you can blame [the customer service advisor], not yourself. It's protectionism! You've handed it over to them and you've got a come back if it all goes wrong!" (female, 30-40). One solution that many companies are starting to provide is access to human online help and advice via virtual advisors, call me buttons and message boards.

However, when the customer gets through to a human advisor, they must demonstrate a level of competence for customers to trust them – "I get upset when I walk into a shop and I know more than the sales assistants" (female, 30-40); "I ring them up and then all I get from them is what I can read on the FAQs – what's the point?!" (male, 30-40).

One of the most interesting trends is the one that is largely invisible to organisations. Customers often seek out other sources of information and expertise to safeguard themselves against potential harm. As one interviewee stated "my first line support are my family and friends" (female, 20-30). This tends to be a multichannel approach that encompasses a number of so-called "networked experts", who often have little or no association with the companies, products and services in question. This was a typical approach when a customer encountered an issue: "When I get a problem now, I go online and Google to see if I can find an answer. Then I ask my friends. Then, and only then, do I try and ring the call centre – life's just too short!" (male, 20-30).

Similarly, with technical problems, people look for solutions through their own social network when their service provider lets them down – "Our broadband went down the other day so we phoned [the service provider] and I probably spent four or five hours on the phone and got nowhere because they couldn't tick the right boxes. The closest thing they could think to ask was 'have you checked you've paid your bill?' And then we went down the road to see John, who knows everything about technology – even though he's a policeman – and within half an hour he was on the doorstep with a screwdriver! [The service provider] phoned back about a week later and said 'are you all working now'. And I said 'yes', and they said 'glad we could be of assistance' [laughs]. I must admit, after the service we had, I'm thinking of changing" (male, 50-60).

Even in the financial world, people are turning away from their bank for financial advice and employing an independent financial advisor (a surprising one third of people interviewed used one) or insurance brokers – "We get our financial advisor to do everything for us. It's a

highly personal interaction and I trust him more than our bank. I'm happy to pay an expert to ensure we get a good deal – but I'll also do my own research online to make sure" (female, 30-40).

Another well established way of reducing uncertainty is to buy from recognised brands – since the name provides an intangible trust mark for quality. One of the reasons why Chinese customers pay more attention to brands is that material possessions are often used as a primary base to establish social distinctions between in-groups and out-groups. People who are less familiar with the internet tend to stick to known brands and familiar sites when they go online [22].

- **Trusting the wisdom of crowds.**

However, it's not just our own social networks that seem to work with respect to recommendation. The internet is starting to help us navigate our way through the plethora of choices available to us by giving us access to the wisdom of like minded strangers.

Many of us will now make a point of checking the multitude of opinionated websites (e.g. planetfeedback.com, tripadvisor.com, ebay.com, amazon.com or kelkoo.com) or the thousands of blogs, forums and bulletin boards before spending hard earned money on things both in the online and offline world. This means that the debate about prices, offerings, services and quality has moved online, with millions of other customers joining the conversation. Not for profit organisations don't escape this trend either, with sites such as neighbourhoodfixit.com and theyworkforyou.com in the UK allowing disgruntled citizens to air their grievances about the performance of their local council or Member of Parliament. This effectively cuts organisations out of the loop – customers talk to each other behind organisations' backs.

However, much of the information out there in the web 2.0 (social networked internet) world is highly biased and sometimes just plain wrong. How can we trust someone who we are never likely to meet? Perhaps the earliest example of an online trust system was eBay's buyer and seller rating system, where the community itself regulates trust and minimises risk in a situation where buyers only ever meet sellers in a virtual environment. As research from Essex University/Chimera (2005) [21] found: "If you're buying from a new vendor, you try it and you keep your fingers crossed, but once you know they're okay you can go back. I haven't had any problems with vendors, and I think that if you did you only go there once. Whereas you can quite rapidly build up a relationship with vendors that you buy off regularly" (male, 30-40).

- **Seeking Reassurance**

The need for instant gratification, especially for physical products, may drive people to physical channels rather than virtual ones. This is to reduce the uncertainty that is often created from the point or ordering through to the point of delivery.

To reduce this perceived risk, many online companies guarantee next day delivery (often at a price). In addition, customers may be able to check the web site to verify the progress of their order, which may reduce temporal as well as psychological risks. An added temporal risk arises from the situation where customers purchase a

product they are unsure about. It may take a long time for the product to be delivered, and then if the customer is dissatisfied, s/he has to face the time-consuming process of returning the product and getting it again.

- **Perceived Enjoyment**

Not all behaviour is to do with value and efficiency. There is a certain amount of enjoyment to be derived from the process itself. Customers here are more concerned with entertainment and enjoyment value and it may not be logical or linear. People simply enjoy the process of shopping rather than goals and outcomes. This category is dominated by women [23], which is a significant trend because women are increasingly making the purchasing decisions in Western households. Once a woman is in shopping mode, value flies out of the window, as one interviewee relates – "there's no "do I need this" involved – I want it, I need it, I buy it!" (female, 30-40).

An extensive study of the shopping habits of US customers found that there are profound differences between men and women in terms of both sales and service [23]. Women tend to demand information and service from face-to-face employees. Men frequently do not make good high street shoppers, except when they visit computer or electronics stores. Otherwise, they shop alone and swiftly, rarely asking for help. Men would generally rather obtain information (brochures, websites etc) and take it home for further reflection.

The Practicalities of Use

Sometimes channel choice is simply dictated by the practicalities of access depending on where we are and what we are doing at the time.

Access to technology

Some customers may not be able to access the Internet because they lack physical access to it, or they lack the confidence or ability to use it.

Factors contributing to this are the perceived risks around interacting online or remotely. This may simply lie in 'technophobia'. Of the 25% of people who don't use the internet, 17% said that they actively rejected technologies and 96% felt that they didn't feel disadvantaged by not having access [18]. "I don't want a computer, I don't see why I should have one. Why force everyone to do everything through the internet? I don't want to! I'd rather talk to someone!" (female, 60-70).

The ubiquity of mobile phones (100% of people in this study had access at least one phone, with 35% having two; compared with only 65% having access to a Broadband connection) provides a particular opportunity for companies to interact over that channel. For instance, in the convergence between the phone and the web has enabled the implementation of a bar code reader in their phone that allows around 27% of the 76% of web phone users in Japan to compare prices on the go by scanning products and then searching for the best deal online [19].

Time and Energy

Time and energy costs are complex since customers are willing to spend more time in order to find better deals or reduce risks. They are

also willing to pay more to save themselves time and energy. Although the internet generally reduces search time, customers are, on average, spending the same amount of time deliberating a purchase. They are using these efficiency gains to search a broader number of sources and source types within the same time frame.

Additionally, if customers do not have a lot of time available, physical channels are closed or crowded (especially at Christmas) or products or services simply cannot be obtained anywhere else, they are likely to perceive electronic channels as more attractive than physical ones.

Customers also regard some channels as sapping their time and energy, especially where there is a sense of urgency and frustration. The contact centre, in particular, comes in for some criticism: “Companies wasting my time? I am always having to ring them up – often more than once – and I can never get to the same person so I have to go through the same problem again and again – it’s so annoying!!!” (male, 50-60). The shortcomings of one channel are often driving people to other channels or, worse case, to other companies.

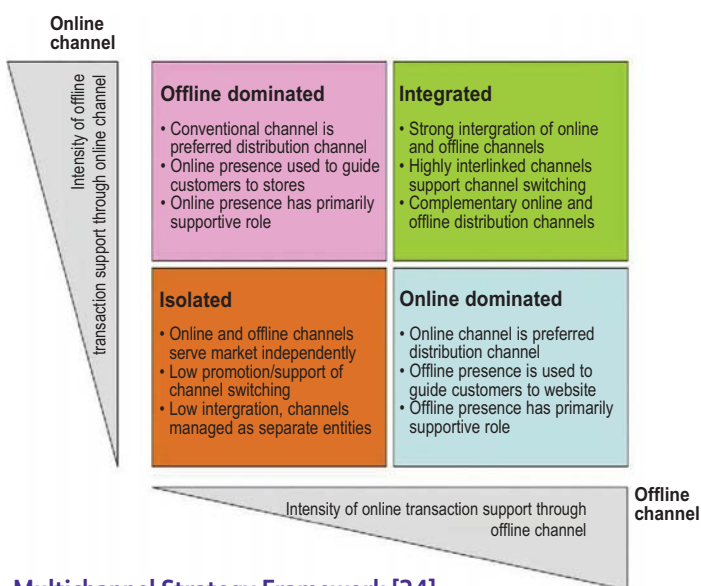
Multimedia and the Organisation: Hope or Hype?

Despite the rise in the multichannel, multitasking and multicultural customer, in reality multimedia contact as an organisational strategy is mostly limited to telephony and email (with 80% of UK contact centres dealing only with these two channels, according to Contact Babel [6]). The same survey suggests that true multimedia is an “almost negligible” part of most businesses’ customer contact realities, despite all the high hopes. Despite predictions (by contact centre directors themselves) that email volumes would account for over 25% of interactions by now, the industry-wide figures has maintained a figure of 5% for a number of years now.

The difficulty with multichannel strategies is often a chicken and egg one. Organisations will only invest in channels if they believe that they will get significant volumes and significant benefits from them. Customers will only use these channels if organisations offer an effective customer experience through them. There are many examples of organisations offering a new channel as a pilot and finding that both volume and value is low because they haven’t effectively raised awareness of them or haven’t integrated them effectively into their customer experience strategy.

Offline or Online; Integrated or Isolated: The Multimedia Strategy

One of the biggest barriers to adoption is the need to ensure that channels are managed consistently. The relationship and roles of online and offline channels can be fundamentally different, depending on the company channel strategy.



Multichannel Strategy Framework [24]

In an integrated organisation both online and offline channels are used as full-fledged, equally promoted distribution channels [24]. For example, Tesco uses its physical store to serve both online and offline channels and customers are encouraged to switch between channels in both directions. Argos allows customers to check store inventory and reserve items online and collect them from the most convenient store, if they don’t want to wait for them to be delivered.

Contrast this with German supermarket chain, Aldi, who operate an almost exclusively offline strategy (the website only offers store location details). Other brands such as Amazon, only exist in an online environment. Some organisations do operate in both an online and offline space but choose an isolated approach where they operate separate and distinct brands offline and online, e.g. Waitrose and Ocado in the UK.

For integrated organisations, the company’s activities in one channel influence a customer’s decision on whether and how to use another channel. With many customers researching online and then buying using a different channel and company, companies also need to make it easier for customers to research and buy from the same place. For example, companies such as Circuit City and IKEA have created customer research sites which customers can access from the store. Many retailers now offer the facility to reserve online and pick up in store, e.g. Argos in the UK. Additionally “web only prices” are often now being honoured in stores as are discount coupons online and the ability to order inventory in store to be shipped directly to the customers’ house. With the physical and virtual boundaries blurring, retailers need to get out of the mindset that effectively has their different channels competing – who cares if the sale is made on the website or in a store or branch? It is a sale!

The Role of the Contact Centre in Multichannel Contact

Increasing multichannel self-service is consistently stated by most organisations as one of their major strategic aims for the medium-to-long term (2 years onwards).

Self service channels can provide opportunities to:

- increase speed of delivery, precision, and customisation,
- reduce costs,
- increase productivity,
- improve competitiveness and increase market share,
- increase the ability to deliver service 24/7,
- increase customer satisfaction and customer loyalty
- differentiate through technical innovation.

Significant cost reduction can be achieved by increasing the number of customer contacts which are carried out through self service rather than by traditional channels. Savings are largely made because of increased speed of transaction and the removal of employees from the process (approximately 60% of service costs are personnel). Other cost savings will be because of the reduced printing costs in e-bills and tickets (printed bills cost four times as much as e-bills). Automation can also reduce the cost (in both time and error) of potential human involvement in simple transactions by reducing the number of people involved to one (i.e. the customer).

Other benefits of self service are less obvious, for example removing the more boring, repetitive and mundane tasks from the front line [25]. The Henley Centre report that, between 1997 and 2003, the proportion of ‘complex’ calls made to business increased from 22% to 27%, while the proportion of ‘simple’ calls fell from 67% to 61%.

This means that the role of the human advisor from just processing calls to dealing with more complex interactions. However, with calls getting more complex, customers expect to get an advisor with the expertise to be able to help [4].

This has profound effects on how front line organisations, such as contact centres, are designed and managed and how advisors are recruited, trained and supported. This also implies increased empowerment at the front line. The contact centre advisor becomes critical to delivering 'value add' customer experience. This presents the contact centre with the challenge of dealing with more complex interactions, the need to recruit, develop and retain a more sophisticated breed of contact centre advisor and the need to coordinate customer information across channels with the consistency that customers expect. It also emphasises the need to measure the quality of experience rather than the short-term revenue and productivity targets [4].

The future multimedia contact centre needs to deliver voice, data and entertainment-based applications to users 24/7, over any device the customer chooses.

Few contact centres are able to deliver across all media currently. These are the most common channels supported:

- **E-mail management** – E-mail currently represents the largest proportion of customer contacts after telephony. E-mail is a relatively expensive mode of customer contact – with e-mail advisors being less productive than via other contact mechanisms – and customers often require more than one e-mail to solve their problems. E-mail is slow to use and often takes forever to get a response (if at all) – “I applied online, sent them an email – but I've heard nothing – I'm not hopeful!” (female, 20-30). With the exception of complaints, which our interviewees wanted to document in writing (although they preferred to do it the traditional paper way), customers see little advantage in e-mail when it is often quicker to pick up the phone.

However, as an outbound channel, email is hard to beat, being cheap, providing a written record for reference and reducing the costs of printing tickets or bills. It is also a successful way of stimulating sales with companies such as Amazon reporting 15% conversion rates on their tailored e-mail shots.

Legislation has prevented businesses sending emails to non-customers, and the growth of anti-spam software has made things harder for all businesses to communicate using email, but email and SMS are both key outbound channels which will only continue to increase in importance.

- **Online Chat/IM** – Experience suggests that online chat or instant messaging works best for sites selling products that are moderately priced and not overly complex. Chat is particularly suited to short, sharp exchanges rather than long, complex dialogues. It is also a more effective way of interacting with a customer than e-mail, although companies rarely offer it as an option.

Chat allows for multitasking of chat sessions by individual advisors, who routinely handle several sessions simultaneously. A survey by ICMI [26] showed that 62.2% of multichannel contact centres had advisors handling more than one chat session (multiple customers) at a time. Most (63%) of these advisors handle a maximum of two to three sessions simultaneously, although handling as many as 10 sessions at a time is not unheard of. One American contact centre reports that its advisors can handle 4 concurrent customers within about 6 minutes. This makes chat seem more efficient than telephony. However, the business efficiencies have been questioned with research indicating that agents could only effectively serve two customers at a time. This suggests that the true cost of chat is closer than the cost of the telephone than it is to that of e-mail. However, chat also has the benefit of reducing language barriers since typed messages are easier to interpret than strong accents.

- **'Call me' Button/Co-browsing** – With e-mail, the call me button is one of the most common types of multimedia service offered to customers via the Web. This facilitates web page sharing and 'co-browsing' with customers. Call-me buttons are also becoming increasingly common on 'click-to-call' applications on mobile devices and PDAs.

The other powerful function related to co-browsing is the ability for advisors to remotely take over a PC using VNC (Virtual Network Computing) capabilities. This is most frequently used in the field of technical support, where advisors can remotely diagnose and repair faults. Most of the technology for such remote PC takeover has been available for some time and one of the main obstacles is the issue of the advisor causing harm to the user's PC and issues of trust, security and data protection.

- **Voice over IP (VoIP)** – Functionally speaking, a VoIP contact is handled just the same as a normal telephone call. VoIP is very attractive to current call centre managers, who can implement this multimedia functionality with minimal disruption to call centre service patterns. One important difference, though, is in customer identification, since VoIP access can be restricted to customers who have either registered or otherwise identified themselves to the company (via a Web form, for example). This can help if VoIP is integrated with the contact centre CRM systems.
- **Video** – Video, up until now, has been used for specialist functions only – with one high street bank in the UK using video contact centres to beam in qualified mortgage and financial advisors to branches that would otherwise be unable to deal with these queries and some local authorities using it to give remote areas access to specialist council services. Customer pull for video based contact is limited at the moment because of customer's lack of experience with the channel and the fact that the visual medium seems to add little to the interaction. Although trials have been done of video based contact via media such as kiosks, there has been limited demand from a largely videophobic customer base. Attitudes to video, however, are likely to change with the proliferation of webcams in the home.

- **SMS** – To date SMS has been largely used to inform customers of updates and changes in service status, e.g. weekly bank balance updates (currently offered by many European banks), field engineering appointments (currently done by BT), marketing messages (often practised by mobile operators), travel details (e.g. journey details from rail operators; flight updates by airlines), health test results (e.g. health screening services), doctor's appointments (cutting missed appointments by almost 70% in the UK National Health Service), congestion charge payments (e.g. Transport for London) and mobile SIM card activations. It is also often used as a medium for deaf people to access contact centre services.

SMS has also been employed to deflect calls by providing automated replies to frequently asked questions.

Actual real time deployment of SMS within contact centres with a live advisor is currently extremely limited, despite it being technically possible. The UK charity, ChildLine has been using text services alongside its conventional telephony lines. They have found that one advisor can be handling around fifteen text interactions simultaneously [25] which has proven extremely cost effective. They have also found that there are no lost calls because all the texts are stored. This also means that the advisors can get a complete history of the customer interactions.

- **MMS** – Multimedia messaging is widely predicted to take off during the next few years with more customers acquiring multimedia phones. Current multimedia messaging use in contact centres is limited. One company is using MMS to send location maps to customers. However, applications for Government and Police are being investigated and MMS could potentially be of interest to technical fault reporting, applications requiring sign language mediation or any task with a visual component.

Experience has shown that the transition from telephony to multimedia requires a fundamental shift in the way that the contact centre is run in terms of people, process and technology.

- The primary technological challenge for the multimedia contact centre is not just the ability to deal with all these channels in isolation, but to deal with them through a single queue. Given customers may mix their media during a particular enquiry or purchase, it is important that emails, calls and other channels are all integrated and dealt with consistently. Even if different advisors deal with each channel, they must all have full information relating to the query available, to save time and avoid unnecessary repetition of details by the customer.

To meet the multimedia demands of the customer and to provide high-speed connectivity to the legacy infrastructure and applications, the contact centre needs a technical architecture that is very modular. Large enterprises and service providers are currently rallying around the single, unifying standard that is Internet Protocol (IP). This has enabled the development of a unified messaging approach to queue management.

- Workforce management and forecasting is also a challenge for the multimedia contact centre. The majority of multimedia contact centres (66.6% [26]) found forecasting workload, managing multimedia queues and scheduling advisors accordingly in the multichannel environment more challenging than with traditional one.

Customer service load balancing is critical to this model. For example, a customer's expectation for an e-mail response will be different to that of an IM chat or a telephone call. Contact centre queues need to be managed on the basis of these customer expectations and the volumes hitting the contact centre. Only 28.3% of respondents to the ICMI survey [26] had a multiple contact management (MCM) system - a unified system that routes, tracks, and reports on all contact types that the facility handles.

In practice, multimedia contact centres tend to use two alternative methods for workforce management:

- Call Blending - the same advisor receives a mixture of phone calls, e-mails, and text-chat requests.
- Task switching - an advisor remains dedicated to a particular mode of communication for a given period of time.
- Training of advisors is an issue for contact centres moving into new channels, whether existing or new advisors are deployed. Many call centres making the transition to multimedia contact centre find that few of the traditional telephony oriented advisors possess the needed skills - or the desire - required to handle e-mail or other non-voice media.

In a blended multimedia contact centre, certain media lend themselves to skills bundling. For example, web chats and e-mail requests require good writing skills; phone calls and VoIP requests need advisors with excellent verbal skills.

Considerations for the Future

Converged Devices, Converged Worlds

The biggest consideration for companies with respect to multichannel strategies is the increasing convergence of networked devices combined with the increasing ubiquity of the internet.

Convergence will start to blur the physical and the virtual worlds through the use of GPS, RFI ID tags and machine readable physical objects such as 'shortcodes', 'SMS codes', 'QR codes' or 'UPCODES', which can be printed on packaging or advertising material.

Hypertag, where a code is embedded into advertising posters, has already been successfully trialled with users able to order products using their phone and a short code. ScanSearch and ScanZoom have been trialled in Japan and the US. ScanSearch, from Amazon Japan, allows the 27% of Japanese customers who currently own a mobile phone equipped with a barcode reader to compare prices on the go with those on Amazon.co.jp and, if lower, buy straight from Amazon via their phone. ScanZoom allows customers to take a photo of a product's bar code and then get access to PriceGrabber or Amazon's information for that product, from product descriptions and customer ratings to pricing [19].

Physical spaces can start to be embedded with social networks – stories, memories, opinions and other social information left by individuals, groups and businesses. This so-called "geo-web" will enable people with mobile devices to access information relevant to their current location – including information sensitive to locale and local culture. Imagine being able to post reviews of hotels or restaurants whilst actually still being there and instantly having that information available to all.

In this converged world, customers can simultaneously be present in both the physical and virtual world. So there need to be tools to manage presence markers (i.e. I am here), attention management tools (i.e. there is something that might be of interest to you here) and the ability to multicontext (i.e. switch between physical and, potentially multiple, virtual channels). For companies, this allows the possibility of helping customers to shop and get service using location data as well as the data in CRM systems.

In addition, products get social and services get smart – whether through the power of IP (IPv6 addresses) or self-configuring sensor networks. Connected devices (phones, computers, mp3 players, TVs etc) increasingly become intelligent servicing platforms, diagnosing, updating, reordering and supporting an array of products and services without the need for any human intervention (unless, of course, they choose to be involved).

Customers in Control – The 'Networked Expert'

Perhaps the most striking aspect to come out of this research is the extent to which customers rely on their friends, family and likeminded others for expertise rather than using traditional channels into companies. The words "my first line support are my family and friends" from one of the interviewees is reflected in a number of behaviours

demonstrated by customers. Previous BT research on the future of the contact centre [4] pointed out that customers often want access to expertise that can help them navigate through the bewildering number of choices and complexities of modern life. These so-called 'networked experts' are not necessarily traditional contact centre advisors housed in large, centralised warehouses but could be anywhere in the company. However, this research shows that the networked expert lies beyond the boundaries of an organisation – they can be anyone who has an opinion that others value – "I had a problem with my router and my new Apple iBook and I knew that one of my neighbours had an iBook that was networked so I asked him. He said "ahhh, I had exactly the same thing ... I had to get this type of router". So I got one and it worked fantastically!!" (male, 30–40).

eBay has exploited the power of its own networked experts with different moderated message boards for both new and experienced users. In the early days of eBay (then called AuctionWeb), one of the most vocal and entertaining of the message board contributors, Jimmy "Uncle Griff" Griffith, a mural painter, spent a lot of time coaching newcomers to the site and posting comments on auction protocol as well as amusing stories about his Uncle Griff alter ego (allegedly a cross-dressing dairy farmer in West Upperbuttcreek, Virginia). Spotting a valuable networked expert in their midsts eBay duly recruited Griffith as eBay's first customer service advisor. Griffith then established eBay's first virtual customer support centre handpicking an enthusiastic, if unlikely, team of waitresses, cooks, and housewives who personally answered hundreds of queries a day from eBay users, guiding them through the auction process and sorting out glitches in the system.

This recognition that experts can be anywhere is central to Hubhub, a service being trialled by BT. Hubhub is an online forum where people using certain BT products can be brought together with other people who share similar problems and frustrations. People often use new products and services in novel ways that are beyond the scope of the helpdesk when things go wrong. However, other customers may have solved their problems and Hubhub seeks to match problems with experts. Although the organisation is hosting and moderating the forum, it is not in control of it. However, BT can learn how people are using products, what problems they are encountering and how they can be solved and these can then be used to seed knowledge back into the helpdesk environment. This is very much a 'networked expert' model and experts like nothing better than sharing their expertise. Their social identity is defined as their connectivity, reputation and identity. Hubhub is a good example of how social networking technologies can be harnessed for the benefit of both customers and company alike.

"Google" Intelligence – Enhanced Customer Information Strategies

The rise of the social web with its millions of bloggers, communities, online resumes, profiles, ePetitions and self generated encyclopaedias, has presented an opportunity for organisations to learn more about their customers than their conventional CRM systems ever could.

Trendwatching [19] suggests that the art of ‘Googling’ (checking people’s backgrounds on the internet via search engine Google) will soon be an integral part of corporate service strategies. With customers voluntarily disclosing their most intimate thoughts, hopes and secrets online, companies such as Google have started to create domestic databases, i.e. world-wide databases loaded with customers’ details and profiles.

Other tools are being developed so that companies can start to blog mine customer details from sites such as MySpace, Friends Reunited, flickr, Facebook and Bebo. Fuse this data with more conventional CRM and knowledge systems and organisations have a powerful resource for understanding and proactively managing their customers in a more personalised and intimate way.

The Bel Air Hotel in LA already Googles first-time guests upon arrival, based on their reservation details (name and address), leading to personalised services like assigning guests a room with morning sun if Googling shows the guest enjoys an early morning run [19].

The vision for the next generation of the internet (web 3.0) is one where the social web (web 2.0) starts to merge with the semantic web (where a common standard allows more advanced search engines to take some of the tedium away from finding, sharing and combining information on the web). In this model, intelligent directories start to learn who people are through their network of contacts and start to order search results in order of personal and meaningful relevance rather than simply by matching keywords. This helps people to navigate through the vastness of cyberspace by “amplifying relevance” rather than simply overwhelming people with choice.

A Web 2.0 Far? – Virtual Customers, Virtual Services

One of the most intriguing challenges for organisations is to start to adapt themselves to completely virtual services. On websites such as Second Life, virtual customers interact in virtual world buying products and services (such as designer trainers and virtual real estate) that don’t actually exist in the real world with very real money (the official currency, Linden Dollars, is linked with real dollars via PayPal!) Second Life is a bit like being on a site such as Amazon.com but being able to both see and talk to everyone else who is on the site (represented by a personalised avatar).

Why buy a pair of virtual trainers with real money? No clue whatsoever! However, some people are making serious money in the much hyped Second Life. Second Life now has more than 9 million residents, with \$1.5 million changing hands “in-world” every day for goods and services that don’t really exist from vendors who don’t exist!! The most surprising aspect of Second Life is that it isn’t just the province of the under 24 year old. The average age of people signing up for Second Life is 31 and they are making money from such things as avatar design (supermodel avatars don’t come cheap) and accessories, virtual real estate and virtual interior design!

So what has this got to do with customer experience? Well, if this is the future of the web, companies will need to deliver customer experiences in it and, potentially, link up their contact centre and front line functions with it. A virtual shop requires virtual sales assistants. Using an IP infrastructure, the (virtual) world is your limit! However, as in the real world, the virtual world needs to be designed to be consistent with other channels, reflect brand and cater for the complex demands of customers. From an experience design perspective, it is business as usual.

However, to date, virtual worlds like Second Life have been used as separate, standalone entities rather than being integrated into multichannel sales and service strategies. They are also currently tethered exclusively to the PC rather than the tapping into the market of the multitasking, multidevice, mobile consumer. This fact and the current difficulties in navigation and usability of Second Life has resulted in a slow in the growth of the population – with a report from Yankee Group [28] reporting that fewer than one in six new residents are still online 30 days later. This has caused a number of companies to withdraw their virtual presence into a more conventional web space. This underlines the unique paradox of virtual worlds. They can be a great and eye-catching marketing tool, but don’t inherently harness the strengths of the conventional web in terms of ease of search and purchase. However, for the 1% of active participants of Second Life – users whose average more than 43 hours online per month – there may be opportunities for niche companies to deliver innovative kinds of blended customer experiences.

Conclusions

In a world where customers are in control and demand access to organisations via multiple channels, organisations need to respond using a multichannel strategy that taps into the needs and desires of their customers and exploits the strengths of the available channels.

However, customers expect a technology agnostic approach which places a number of demands back on organisations. The process of delivering a consistent, coherent and personalised customer experience through all channels - from the traditional paper based one (still important for both complaints and legal processes) to more innovative channels such as transactional SMS - requires a break down of traditional organisational silos, processes and measures. The contact centre not only needs to be integrated with the website and vice versa but they should not be competing with each other for revenues since, from the customer perspective they are the same company. However, this also implies the integration of both paper and process as workflow, workforce and front and back offices need to come together seamlessly to deliver the customer experience.

In addition, organisations need to be aware where and when people need access to human expertise – particularly at the latter stages of the decision cycle - and ensure that both their self service and their front line add value to the customer interaction. Putting in automation simply to cut costs can be a false economy as customers become frustrated when they can't get the solution to their problems and companies miss opportunities to engage with their customers and build relationships with them. For many organisations, the internet has actually resulted in more calls to the contact centre, not less – and these calls are often longer, more challenging and more complex. The seductive power of self service channels to cut costs through reducing call volumes may be an empty promise. The resulting increase in complexity of multichannel contact handling implies a major rethink of the role of the contact centre and how it is designed, staffed and operated.

Ironically, the highest channel investment for commercial companies is often put into sales, because it generates revenue, rather than service, perceived as a cost. Customers at the purchasing stage of the cycle are often looking to electronic channels to get information rather than access to company expertise, which they often don't trust. However, they want reassurance and action when things go wrong – things that often require access to human expertise and empathy. Handling this aspect badly can drive existing customers to a competitor and make them complain to friends, family and likeminded others as they become a 'customer in crisis'.

At the heart of a multichannel strategy is getting the basics right. Channels will not be used if they are not perceived to be useful or usable by customers. This requires up-front investment to ensure that customers are aware of what different channels can do for them and how they use them.

With people's first line of support becoming friends, family and "people like me", multichannel also implies new ways of helping and informing customers and allowing them to get access to online opinions and networked experts to support them in the decision making process.

In short, customers are more likely to use a channel if:

- they trust it,
- it is accessible and appropriate,
- it offers them a sense of control,
- it helps them achieve their goals,
- they enjoy the experience,
- it saves them time and energy,
- it helps them make better choices.

This is especially important where transactions are perceived as being high risk (in terms of time, money or social status) and low frequency (where customers are operating in unfamiliar territory).

As the lines between the physical and virtual world start to blur and technologies start to converge, organisations need to help customers navigate through their complex lives through designing an excellent and simple yet compelling experience, whichever channel they choose to use.

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