Interactive Intelligence
Deliberately Innovative

2014

Interactive Intelligence Customer Service Experience Study

(Wave II)

by

Joe Staples
Chief Marketing Officer
Interactive Intelligence, Inc.

and

Thomas Bailey
Content Editor
Interactive Intelligence, Inc.

Sponsored by
Interactive Intelligence, Inc.

Research conducted by
Actionable Research, Inc.

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Executive Summary

Study Goal and Objectives

The Interactive Intelligence Customer Service Experience Study (Wave II) was designed to answer these two questions:

"What do customers want in a great service experience?" and

"What do customers and companies want from the technology behind that great customer experience?"

The Wave II study was conducted between March and May of 2014. This study is a follow-on to a similar study (Wave I) conducted in 2013 and sponsored by Interactive Intelligence. Specific study objectives in 2014 were to:

- Resurvey consumers about their customer service and technology expectations and preferences.
- Resurvey IT professionals and customer care leaders ("professionals") about their customer service and technology expectations and preferences.
- Identify key differences between consumer and professional expectations and preferences.
- Pinpoint and analyze key differences in survey results from 2013 to 2014.

Study Methodology

- Interactive Intelligence and Actionable Research created separate surveys for the *consumer* and *professional* (IT professionals and customer care leaders) populations. Each population was given a single survey that included “customer service interaction” and “technology” questions.
- Where applicable, the same survey questions were presented to both populations.
- Surveys were delivered via email.
- Survey questions were largely the same as those in the 2013 Customer Service Experience Study, though some questions were modified and/or added to obtain more and/or more meaningful data.
- The same global regions were surveyed in the 2014 study compared to the 2013 study. Likewise, all surveys were translated and programmed in German, Swedish, and Brazilian Portuguese.
- The survey for consumers was fielded specifically to individuals who had a non in-person interaction with a business in the last 12 months (online, telephone, web chat, etc.), while the professional survey targeted IT professionals and customer care leaders in all industries who were responsible for the technology behind a great customer experience.
- Actionable Research recruited, screened, and surveyed individuals in the consumer and professional populations on behalf of Interactive Intelligence.
- Surveying was conducted between March 27, 2014 and April 24, 2014.
- Total samples of 1462 and 459 were gathered for the consumer and professional surveys, respectively, among the following countries:
  - Data is segmented by country and 2014 results are compared to 2013 results, where applicable.

Country	Consumer Survey	Professional Survey
Australia	174	51
Germany	157	51
South Africa	154	52
United Kingdom	152	51
North America	517	151
Brazil	157	52
Sweden	151	51
Total Sample Size	**1462**	**459**

Summary of Key Findings – Consumer Survey

2014 Key Finding	2014 vs. 2013 Comparison
• Overall, a "timely response" and a "knowledgeable agent" were most frequently chosen as most valued in a customer service interaction. • German, South African, and North American consumers reported "knowledgeable agent" most frequently as most valued.	• In 2013, a "knowledgeable agent" registered first among total participants, followed by a "timely response."
• Overall, consumers most frequently found not being able to understand the agent when speaking on the phone and an agent who is condescending/demanding very frustrating.	• Same as 2013.
• 64% of consumers indicated they had an exceptional, positive customer experience that caused them to tell family or friends. • South African, North American, and Brazilian consumers were most likely to have had this experience, while consumers in United Kingdom and Sweden were least likely.	• For each country besides Sweden, the percentage of consumers who indicated having an exceptional, positive experience increased from 2013 to 2014.
• The industries providing the best customer service experiences reported by consumers are hotels, online retail stores, and banks. • The worst customer service experiences come from government agencies and utility providers.	• 2014 results are very similar to 2013; however, consumers in 2013 ranked technology companies, utility providers, and government agencies as providing the worst customer service experiences, in that order.
• The method preferred most by consumers when interacting with customer service or support, regardless of their country origin, is having a live agent via phone.	• Same as 2013.
• More consumers find agents who have access to their previous service interactions extremely valuable when contacting businesses/service providers regularly or repeatedly.	• NA
• For the vast majority of consumer respondents, the acceptable telephone wait time before a customer support representative becomes available is less than 3 minutes.	• Same as 2013.

Key Findings – Consumer Survey (continued)

2014 Key Finding	2014 vs. 2013 Comparison
• When using a social media outlet such as Facebook or Twitter to submit a question or request (and similar to using a company's website), nearly half of consumers overall believe a response should arrive anywhere from 10 minutes to within 24 hours.	• NA
• The communication method used most often by consumers to interact with customer service or support from a business/service provider, regardless of their country origin, is by phone (51%), followed by email (18%), then web chat (11%).	• Percentages are almost identical to those in 2013.
• In terms of devices, more consumers currently use a laptop and/or desktop computer to contact customer service vs. a smartphone or tablet.	• These results are very similar to 2013; however, there was a 10% increase of users of laptops in 2014 vs. 2013 (70% vs. 60%).
• The majority of consumers (74%) expect good service as part of doing business and therefore are not willing to pay a fee to receive a higher level of service from a business/service provider. • Only 10% indicated that they were willing to pay a fee, if reasonable. South African and Brazilian consumers are most comfortable with the idea of paying a fee to receive a higher level of service, while Australian and Swedish consumers found a fee most objectionable.	• These results are similar to 2013; however, North American consumers were most comfortable with the idea of paying a fee to receive a higher level of service in 2013.
• Close to half of consumers (45%) "always" or "usually" make purchasing decisions on products or services based solely on the organization's customer service reputation.	• NA
• The majority of consumers (70%), expect for Swedish consumers, join customer loyalty programs. • The top reason for joining loyalty programs among total consumers is that consumers enjoy earning points that translate into small rewards, such as discounts.	• NA
• Overall, consumers feel not needing to repeat information if transferred is the most valuable service a company can provide during an interaction.	• Same as 2013.

Key Findings – Consumer Survey (continued)

2014 Key Finding	2014 vs. 2013 Comparison
• A little more than half of total consumers (53%) have used or would use Facebook to interact with a company for customer service.	• This result was similar to 2013; however, we did see increased percentages in the use of social networks by German, UK, Australian, and Swedish consumers in 2014.
• Overall, consumers are more likely to share a positive customer service or support experience on a social media site vs. a negative one (37% vs. 29%).	• Question was worded differently for 2014, but 27% of total consumers in 2013 indicated actually sharing a customer service or support experience on a social networking site.
• What frustrates consumers most when using a smartphone and/or tablet in a customer service interaction is having to leave the app to manually dial a customer service number.	• Same as 2013.

Summary of Key Findings – Professional Survey

2014 Key Finding	2014 vs. 2013 Comparison
• Overall, professionals value a "timely response" most in a service or support interaction with their customers. • Professionals from Australia, Germany, and Brazil report "professionalism" as most valued.	• 2014 results are similar to 2013; however, in 2013, professionals from Germany, South Africa, and the UK reported a "knowledgeable agent" most frequently as most valued, while professionals from Sweden found "professionalism" as most valued.
• 56% of total professionals reported a live agent via phone as the method most preferred by their organizations when interacting with their customers.	• Similar percentage to 2013 (52%).
• Those professionals who indicated that self service from a smartphone or tablet is not a preferred channel of interaction (did not rank it in their top 5) listed a variety of different reasons why, but mainly because their infrastructure is not set up for it or they prefer to use other methods first (such as phone), which is more personal and effective.	• NA
• Professionals indicated that their customer service or support typically uses a phone (43%) to interact with their customers, followed by email (17%), and website (9%). • Professionals from UK and North America are most likely to use email.	• By their percentages, results differ from 2013, when professionals indicated that their customer service or support typically used a phone (34%) to interact with customers, followed by email (20%), and web chat (13%). • Also, professionals from Germany and South Africa were most likely to use email.
• 82% and 45% of professionals who indicated that their company has at least used social media to interact with their customers mentioned using Facebook and Twitter, respectively.	• Percentages are down from 2013 for Facebook and Twitter. In 2013, 94% and 64% of professionals who indicated that their company had at least used social media to interact with their customers mentioned using Facebook and Twitter, respectively.

Key Findings – Professional Survey (continued)

2014 Key Finding	2014 vs. 2013 Comparison
• The most valuable service to offer customers, reported by all professionals, is an easy way to provide feedback on interactions once completed.	• Same as 2013.
• The phone is seen as extremely valuable in its ability to provide customer interaction, as reported by 80% of all professionals.	• Similar percentage to 2013 (76%).
• By professionals overall, comprehensive reporting is seen as the top feature in managing organizations' business needs for customer and support services. • For professionals in Australia, the top feature is real-time monitoring and alerting, while Brazilian professionals find connecting customers on mobile devices directly to the contact center as most valuable.	• In 2013, professionals in the UK and Sweden reported real-time monitoring and alerting as most valuable. All remaining professional groups indicated comprehensive reporting.
• Three quarters or more of professionals, regardless of their country origin, indicated that their organization is currently satisfied with their communication software and services. • Brazilian professionals were more satisfied overall vs. their counterparts.	• These results are similar to 2013; however, in 2013, Germans indicated being more satisfied overall.
• Only 28% of total professionals explain that their organization allows customers to pay a fee for a higher level of service. • More professionals in Brazil indicate that their organizations allow customers to pay a fee for a higher level of service (52%).	• In 2013, 53% of surveyed organizations allowed their customers to pay a fee for a higher level of service. • More professionals in Germany, South Africa, and North America indicated that their organization does not.
• Professionals who indicate their organizations provide pay-extra options report receiving a faster response to an inquiry as the top service that their organization allows customers to pay extra for.	• NA
• Of those professionals who indicated their organizations do not currently provide pay-extra service options, 45% reported that they are not likely to implement any of the services listed in the survey (that is, receiving a faster response to a customer's inquiry, connecting to the same agent every time, and so forth).	• NA

Consumer vs. Professional Preferences (Overall Expectations)

Among consumers and professionals (IT professionals and customer care leaders), opinions varied in 2013 regarding what each group valued most in a customer service interaction. Results from the 2013 study indicated that consumers most valued a “knowledgeable agent” in an interaction, while professionals valued a “timely response.” The opinions were shared equally in 2014, with consumers and professionals both valuing a “timely response.” Noteworthy for 2014 is that “first call resolution” (FCR) was added to the survey, a change that might have affected results. Increasingly, service-oriented companies are now recognizing first call resolution to be an important contributor to providing an exceptional customer experience.

Which do you value most in a customer service interaction? (Average Rank, Lower numbers represent higher rankings)	**2013 Consumers** N = 1407	**2014 Consumers** N = 1462	**2013 Professionals** N = 453	**2014 Professionals** N = 459
Timely response	2.4	2.7	2.4	2.8
Knowledgeable agent	2.2	2.9	2.5	3.2
Professionalism	3.0	3.4	2.6	2.9
First call resolution	NA	3.0	NA	3.3
Efficiency	4.2	3.8	3.2	3.8
Effective follow-up	3.1	5.2	4.2	5.0

Conversely for frustrations during a customer service interaction, the main annoyance reported by consumers in 2013 involved the agent. The most noted examples were not being able to understand the agent when speaking on the phone, and having an agent who was condescending or demanding, or both. With similar other kinds of unprofessional behavior also reported in 2013, having a competent agent (“professionalism”) therefore was a priority for consumers in 2013, and remains so for 2014.

Additionally in 2014, 64% of consumers reported having had an exceptional, positive customer experience, which led 70% of them to refer the company they had their positive experience with to their family or friends.

As seen by professionals, the most valuable service to offer customers in 2014 is an easy way to provide feedback on interactions once the customer completes their interaction. This result is similar to 2013. Close behind for 2014, professionals also valued having a system to be connected collaboratively, so that if a customer is transferred, the new agent has the customer’s information and does not have to start the service process over again. Professionals in 2014 indicated that comprehensive reporting and real-time monitoring and alerting are key features that help them manage such a service process for their customers.

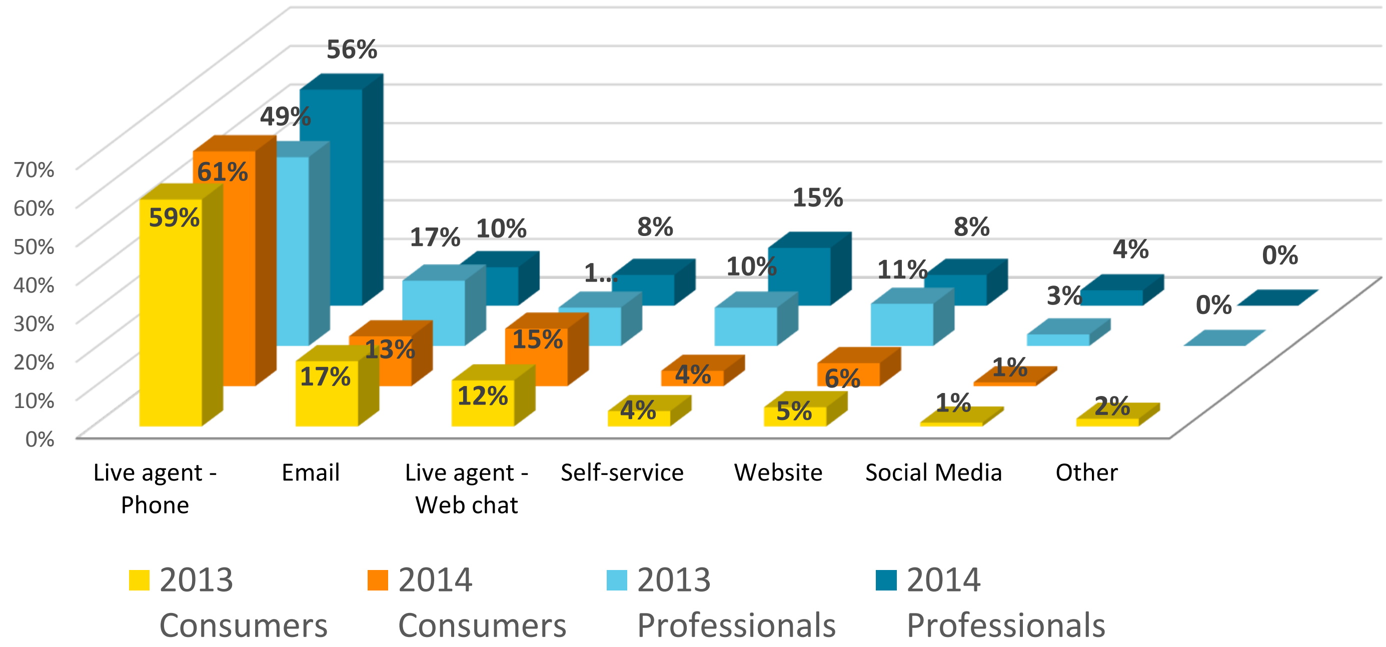
Most Preferred Interaction Channels

2014 vs. 2013 comparison: The percentages who ranked phone as number one increased from 2013 to 2014, but more so for the professionals (49% to 56%).

When asked their preference of media channels by which to interact with a business, more consumers and professionals in 2014 reported a live agent via phone as the method they most prefer (61% and 56%, respectively). Consumers also showed a growing preference for live agent web chat in 2014, which surpassed email 15% to 13%. This was in contrast to 2013, when consumers still preferred email 17% to 12%. In both years, the preference for self service - smartphone or tablet, for a website, and for social media were very similar. Somewhat surprisingly, given the global popularity of social media, consumers turned to social media channels only 1% of the time when interacting with a business.

For professionals, respondents in that group showed a growing preference in 2014 for self service using a smartphone or tablet, with that channel's use increasing from 10% in 2013 to 15% in 2014. Professionals also showed a lesser preference for email, which declined in use from 17% in 2013 to 10% in 2014. Website use also decreased from 2013 to 2014 among professionals (11% to 8%), although professionals were more common users of social media than were consumers, using social channels at a 4% rate to interact with businesses.

Which channels do you prefer to use when interacting?



Conclusions

Among consumers globally, the customer experience continues to gain importance as the gateway to new business and higher levels of customer loyalty. As one key finding from our 2014 consumer survey indicates, close to half of consumers (45%) “always” or “usually” make purchasing decisions on products or services based solely on the organization’s customer service reputation. Further in 2014, of consumers who reported having had an exceptional, positive customer experience (64% in total), 70% of those consumers told family or friends of their experience. Besides Sweden, this percentage increased from 2013 to 2014 in each country in which our survey took place.

While not explicit guidelines for a business’s service interaction practices (since such practices typically vary from business to business), the overall findings from our 2014 consumer survey do provide a framework of what consumers believe a superior customer experience should entail. Primarily:

- Consumers reported in total that they valued a timely response (to a question or request) most frequently, followed by a knowledgeable agent. In 2013, these two service criteria were reversed.
- Consumers used the phone (51%) most frequently to interact with customer service or support, followed by email (18%), then web chat (11%). Relatedly, consumers most preferred interacting with a live agent via phone, rather than using an automated IVR system.
- The vast majority of consumers feel the acceptable telephone wait time before a service representative becomes available is less than 3 minutes (same as 2013). Consumers also feel that not needing to repeat information if transferred is the most valuable service a company can provide during an interaction.
- When contacting businesses or service providers regularly, more consumers find agents who have access to their previous service interactions to be extremely valuable. In contrast, consumers most frequently found that not being able to understand the agent when speaking on the phone to be very frustrating. Consumers found an agent who is condescending/demanding to be equally frustrating.
- The majority of consumers (74%) expect good service as part of doing business, and therefore are not willing to pay a fee to receive a higher level of service from a business or service provider. Only 10% indicated that they were willing to pay a fee for enhanced service, if the fee is reasonable.
- Nearly half of consumers overall believe that, when using a social media outlet such as Facebook or Twitter to submit a question or request (and similar to using a company’s website), a response should arrive anywhere from 10 minutes to within 24 hours. A little more than half of total consumers (53%) have used or would use Facebook to interact with a company for customer service.
- By industry, consumers reported the sectors providing the best customer service experiences in 2014 are hotels, online retail stores, and banks, followed by technology services providers (cell phone, cable TV, satellite TV), insurance companies, credit card companies, airlines, and healthcare providers. The worst customer service experiences come from government agencies and utility providers. The 2014 results for industries are very similar to 2013.

Among IT professionals and customer care leaders ("professionals") globally, certain key findings from our 2014 professional survey do mirror some of those from our consumer survey. Namely, just as consumers do, professionals value a timely response most in a service or support interaction with their customers, and prefer live agent phone interactions most when interacting with customers. Yet professionals also view the customer service experience from a different perspective than consumers. As rated by professionals in 2014:

- The most valuable service to offer customers is an easy way to provide feedback on interactions once the customer completes their interaction. This result is similar to our 2013 professional survey findings.
- Of similar value to the customer interaction process is having a system to be connected collaboratively, so that if a customer is transferred, the new agent has the customer's information and doesn't have to start the service process over again.
- Comprehensive reporting and real-time monitoring and alerting are valued as key features that help in managing organizational business needs for customer and support service processes. In Brazil, professionals find connecting customers on mobile devices directly to the contact center as most valuable for customer and support service processes.
- Three quarters or more of professionals, regardless of their country origin, indicated that their organization is currently satisfied with their communication software and services, similar to 2013.
- Professionals who indicated that self service from a smartphone or tablet is *not* a preferred channel of interaction listed various reasons why, but mainly because their infrastructure is not set up for it. Or, they just prefer to use other methods first, such as the phone, which is more personal and effective.
- Regarding social media, 82% and 45% of professionals indicated that their company has at least used Facebook and Twitter, respectively, to interact with customers in 2014. Interestingly with the popularity of social media, these percentages are down from 2013, when the percentages were 94% and 64%, respectively.
- Only 28% of total professionals in 2014 explain that their organization allows customers to pay a fee for a higher level of service, such as receiving a faster response to an inquiry, connecting to the same agent every time, or some other enhanced service. Compared with 2013, 53% of surveyed organizations allowed their customers to pay a fee for a higher level of service. In organizations that do not currently provide pay-extra service options, 45% of professionals reported that they are not likely to implement such services in 2014.

The quest for delivering a great customer experience

In 2014, the aim to deliver an exceptional customer experience remains a top priority for companies around the world. Driven largely by current technology and the convenience it affords, consumers continue to dictate their preferences, likes, and dislikes when interacting with businesses for service or support. In effect, these interactions must fit consumers' daily lives and meet their expectations for ease of access to the business (by various communications channels), expediency in the service process , and an agent's courtesy and professionalism — all leading to a satisfactory outcome. Businesses and their IT professionals and customer care leaders must therefore respond accordingly, and align service and support processes with what consumers expect their service experience to be. The more effectively businesses achieve this alignment, the more the customer experience becomes a competitive differentiator for the business overall. The findings in our 2014 Customer Service Experience Study support this belief.

10 key findings and conclusions

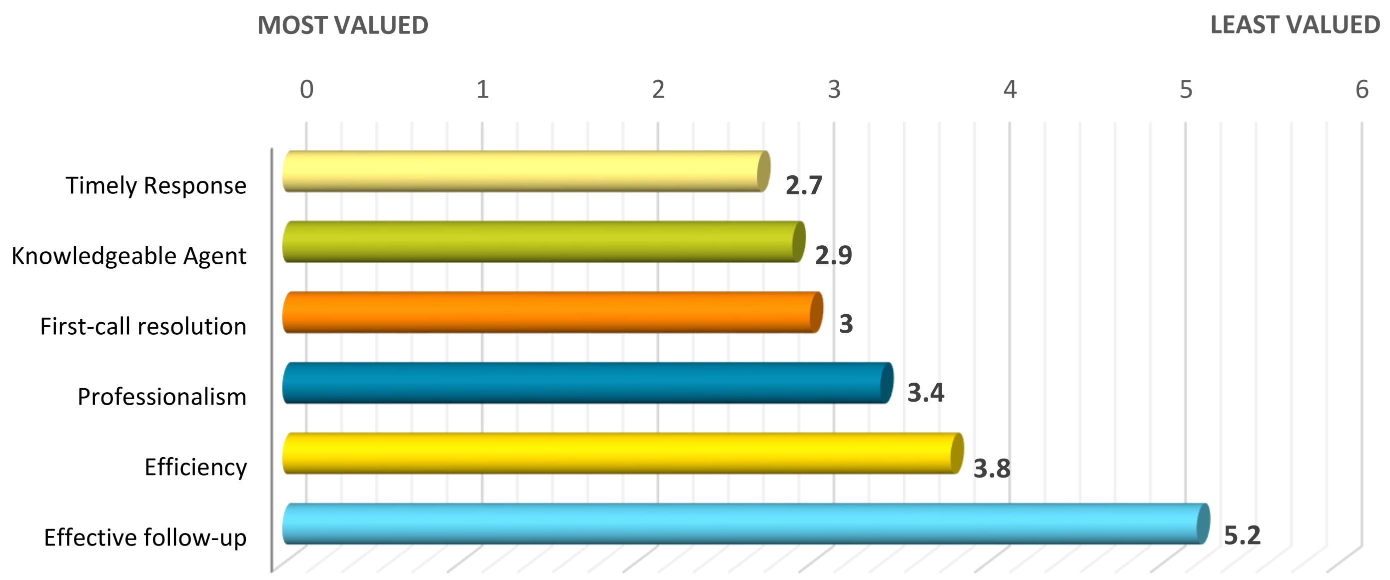
Among the key findings of this study overall, Interactive Intelligence has ranked these 10 results in particular as most likely to impact the customer experience, either positively or negatively.

1. Although alternate channels are making inroads, a phone call with an agent is still the preferred communications channel.
2. A timely response is the most valued item in a customer service interaction.
3. Not being able to understand the agent on the phone and an agent who is condescending or demanding causes the greatest frustration.
4. If an agent is condescending or demanding, the majority of consumers say they are likely to seek an alternate vendor.
5. The majority of consumers state that they tell others when they have a positive customer service experience.
6. Only 10% of consumers are willing to pay for a higher level of service, such as receiving a faster response to an inquiry, or being able to access a live agent at any time.
7. 45% of consumers say they always, or usually, make purchase decisions based solely on the organization's customer service reputation.
8. Consumers are more likely to share a positive experience using social media than they are to share a negative experience.
9. Service providers stated that offering an easy way for customers to provide feedback was ranked as the most valuable system enhancement.
10. When using a mobile device to obtain service, consumers ranked the ability to get a callback once an agent becomes available as the most valuable mobile capability.

Summary of Findings – Consumer Survey

Customer Service Interaction Questions

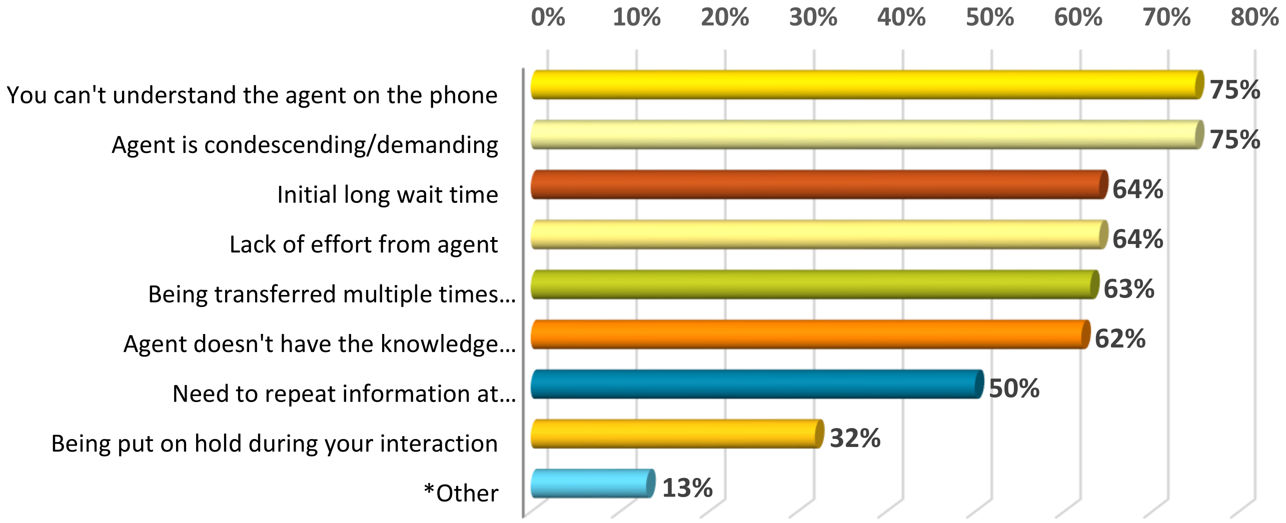
Which do you value most in a customer service interaction?



In total for 2014, a "timely response" and a "knowledgeable agent" were most frequently chosen as most valued in a customer service interaction. German, South African, and North American consumers reported "knowledgeable agent" most frequently as most valued.

2014 vs. 2013 comparison: 2014 results are similar to 2013; however, in 2013, a "knowledgeable agent" registered first, followed by a "timely response." Please also note that "First call resolution" was added to the 2014 survey and results might have been affected by this change.

Which of the following are most likely to be frustrating for you when you contact a business or service provider?



Overall, consumers most frequently found not being able to understand the agent when speaking on the phone and an agent who is condescending or demanding very frustrating. Differences by country were not significant, although South African consumers indicated that being transferred multiple times was their most frequent frustration. Brazilian consumers found initial long wait times most objectionable.

2014 vs. 2013 comparison: These results are very similar to 2013.

In general, if an agent is condescending or demanding vs. any other issues consumers find very or somewhat frustrating, those consumers are more likely to seek an alternative business or service provider. (This is assuming that a comparable business/service provider is available and that cost is similar.) For South African consumers, an agent who doesn't have the knowledge to answer their questions would prompt them to seek an alternative business or service provider, whereas Brazilian consumers indicated that being transferred multiple times would most frequently drive them to take the same action.

Have you ever had an exceptional, positive customer service experience that made you want to tell family or friends?

64% of consumers have had an exceptional, *positive* customer experience in 2014 that made them want to tell family or friends.

South African (79%), North American (70%), and Brazilian (70%) consumers were most likely to have had this experience, while consumers in United Kingdom (52%) and Sweden (53%) were least likely.

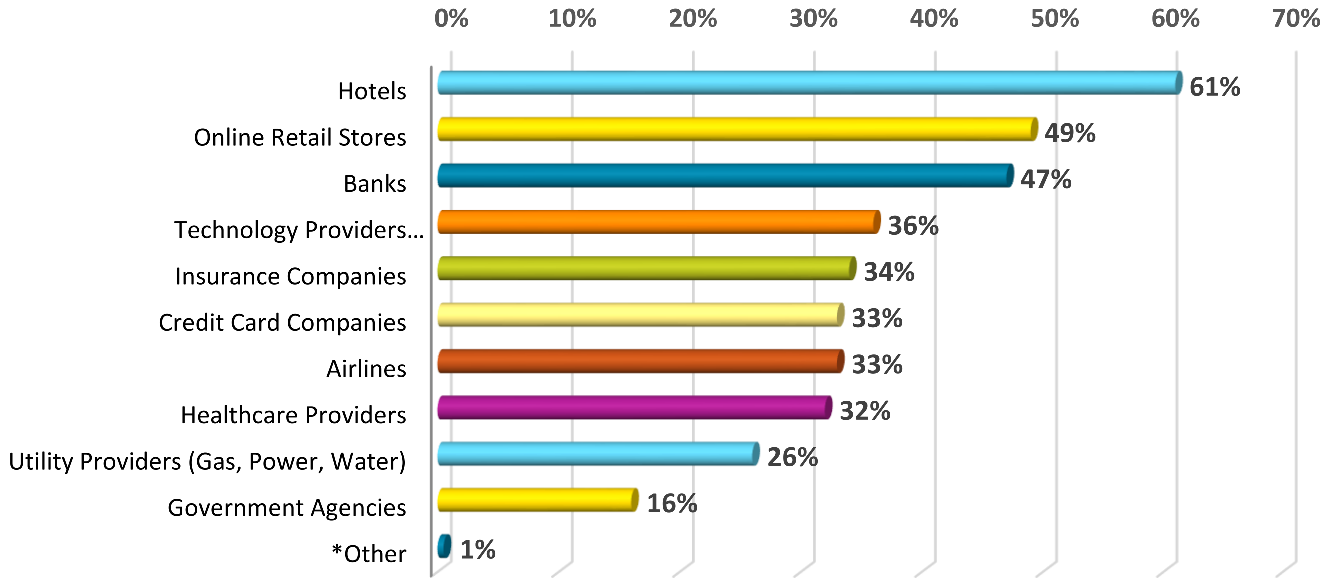
2014 vs. 2013 comparison: For each country besides Sweden, the percentage of consumers who indicated having an exceptional, positive experience increased from 2013 to 2014. For Swedish consumers, close to 20% fewer indicated having an exceptional, positive experience in 2014 vs. 2013 (53% vs. 71%). Please also note that "positive" was added to the question for 2014.

Best Customer Experience by Industry

Which industries provide the best customer experience?

2014 vs. 2013 comparison: 2014 results are very similar to 2013; however, consumers in 2013 ranked technology providers, utility providers, and government agencies as providing the worst customer service experiences, in that order.

In 2014, consumers rated hotels, online retail stores, and banks as providing the best customer service experiences. Those three industries were followed, in order, by technology providers (cellular phone, cable TV, satellite TV), insurance companies, credit card companies, airlines, and healthcare providers. The worst customer service experiences, according to consumers in 2014, come from government agencies and utility providers. Note especially the advance of technology providers, who moved from providing one of worst customer service experiences in 2013 to one of the more acceptable service experiences in 2014.



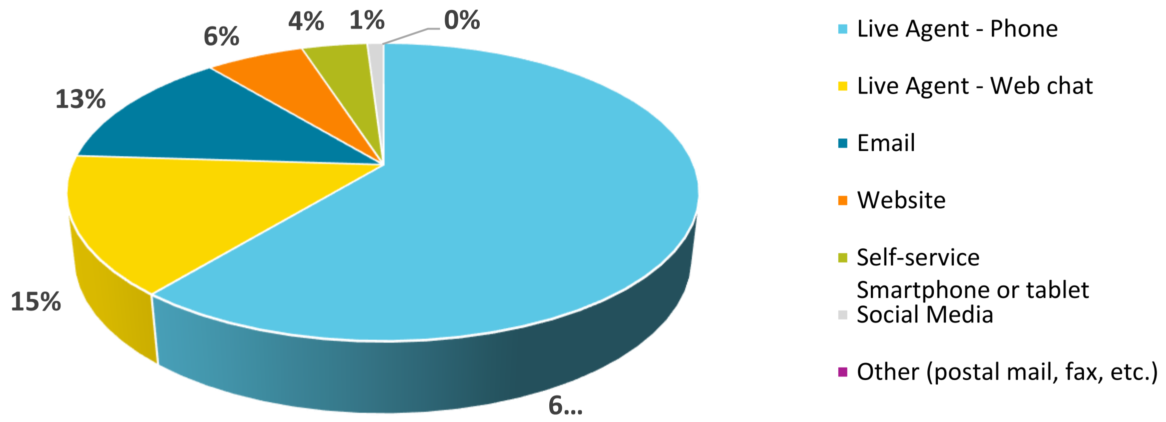
(Results displayed include a response of 'Best Customer Service' on a scale of 1-5.)

Channel Preferences

Which channels do you prefer to contact customer service or support?

2014 vs. 2013 comparison: These results are very similar to 2013.

When asked of consumers in 2014 (as referenced earlier in this report), the method they preferred most when interacting with customer service or support is having a live agent via phone. This sentiment is truly global, applying in all countries in which consumers were surveyed. Interestingly by age group, consumers aged 55 and older preferred a live agent via phone (70%) far more than did younger consumers aged 18-24 (50%). Following live agent via phone, Brazilian, North American, and UK consumers listed live agent via web chat as their interaction channel preference, while South African and German consumers indicated they preferred email. Self service from a smartphone or tablet, which is most valued by consumers in South Africa, still trails consumers' preference for customer service or support via a website, but only by a small margin (2%). Consumers reported preferring social media channels only 1% of the time for customer service or support in 2014, again a surprising result given the popularity of social networks globally.



What is most valuable when you contact a business or service regularly or repeatedly?

More consumers in 2014 found agents who have access to their previous service interactions as being extremely valuable. German and South African consumers were most likely to find agents who have access to their account transaction history as extremely valuable. These sentiments support the notion that consumers perceive their service experience to be more expedient when their service and/or account transaction histories put them in "full view" of an agent during the interaction process. Curiously less important to consumers is an agent knowing who the customer is when that customers calls (and being ready to answer any questions from the customer), and reaching the same agent each time when contacting a business or service provider.

Acceptable Wait Times and Response Times, Per Channel

What do you feel is the appropriate response time (or wait time for the telephone) after a customer submits a question or request using each of the following channels?

Telephone

For the vast majority of consumer respondents in 2014 (43% total), the acceptable telephone wait time before a customer support representative becomes available is less than 3 minutes. South African and UK consumers had the highest expectations, with 38% and 32%, respectively, likely to believe their calls should be answered in less than 1 minute. Swedish and North American consumers had the lowest expectations regarding wait times, believing an acceptable wait time to be between 3 and 5 minutes.

2014 vs. 2013 comparison: For telephone wait times and response times for web chat, SMS/text, email, and website, these results are very similar to 2013.

Web chat, SMS/text

76% of consumers feel the appropriate response time after submitting a question or request via web chat is less than 3 minutes. Close to a quarter of German consumers expect an immediate response. For SMS/Text messages, on average most consumers believe they should receive a response within 1 to 10 minutes. North American and Brazilian consumers have the highest expectations (between 1 and 3 minutes), while German consumers have the lowest expectations (between 10 minutes and 1 hour). Likely to be determined as "unacceptable" (marginally or wholly) by consumers were web chat responses issued between 5 to 10 minutes after a question or request is submitted, and text responses issued between 1 to 4 hours after an initial text is received by the business.

Email, company website

The majority of consumers (62%) feel the appropriate response time after submitting a question or request via email is anywhere from 10 minutes to 24 hours. South African consumers are a clear exception to this broader email response window; close to a quarter of consumers in that region expect a 5-10 minute response when submitting a question or request via email. In submitting a question or request through a company's website, just over half of consumers overall (54%) believe a response should arrive anywhere from 10 minutes to within 24 hours. Besides those consumers in Germany and Brazil, consumers in all countries where the survey took place are comfortable with a 4 to 24 hour turnaround time for a website-based response.

Social media

Similar to submitting a question or request through a company's website, nearly half of consumers overall (47%) believe a response should arrive anywhere from 10 minutes to within 24 hours when using a social media outlet such as Facebook, Twitter, or similar sites. Brazilian consumers have higher expectations, wanting a social media-based response within 5 to 10 minutes.

Value of Multichannel Options

As in 2013, consumers were asked again in 2014 to rate the value of various media channels being available to them when interacting with a company for customer service or support. In terms of value, consumers report that the phone (97%) is most valuable for them to use when interacting with a company for customer service or support. In total, the phone rated just ahead of email (91%), and appreciably ahead of web chat (69%), SMS/text (44%), self service - smartphone or tablet (44%), IVR (37%), and social media (35%). Brazilian, UK, and North American consumers all value the presence of web significantly more than the worldwide average. Interestingly, social media access is valued more highly by consumers in Brazil and South Africa than in other countries. Related to how consumers rate the value of each channel, our belief is that value also stems from offering customers their choice of these various channels in providing a superior customer experience.

2014 vs. 2013 comparison: Last year, German consumers found email most valuable; however, this year it was the phone.

Device Choices

In terms of devices and on a global basis, more consumers currently use a laptop and/or desktop computer to contact a company for customer service vs. a smartphone or tablet. (At present, smartphone use for customer service contact is higher than tablet use.) Satisfaction levels are relatively high and similar for all devices used to contact customer service.

2014 vs. 2013 comparison: These results are very similar to 2013; however, there was a 10% increase of users of laptops in 2014 vs. 2013 (70% vs. 60%).

Higher Level of Service, Fee Based

Would you be willing to pay a fee to receive a higher level of service?

The majority of consumers (74%) expect good service as part of doing business, and therefore are not willing to pay a fee to receive a higher level of service from a business/service provider. Only 10% indicated that they were willing to pay a fee, if reasonable. South African and Brazilian consumers are most comfortable with the idea of paying a fee to receive a higher level of service, while Australian and Swedish consumers found a fee most objectionable.

2014 vs. 2013 comparison: These results are similar to 2013; however, North American consumers were most comfortable with the idea of paying a fee to receive a higher level of service in 2013.

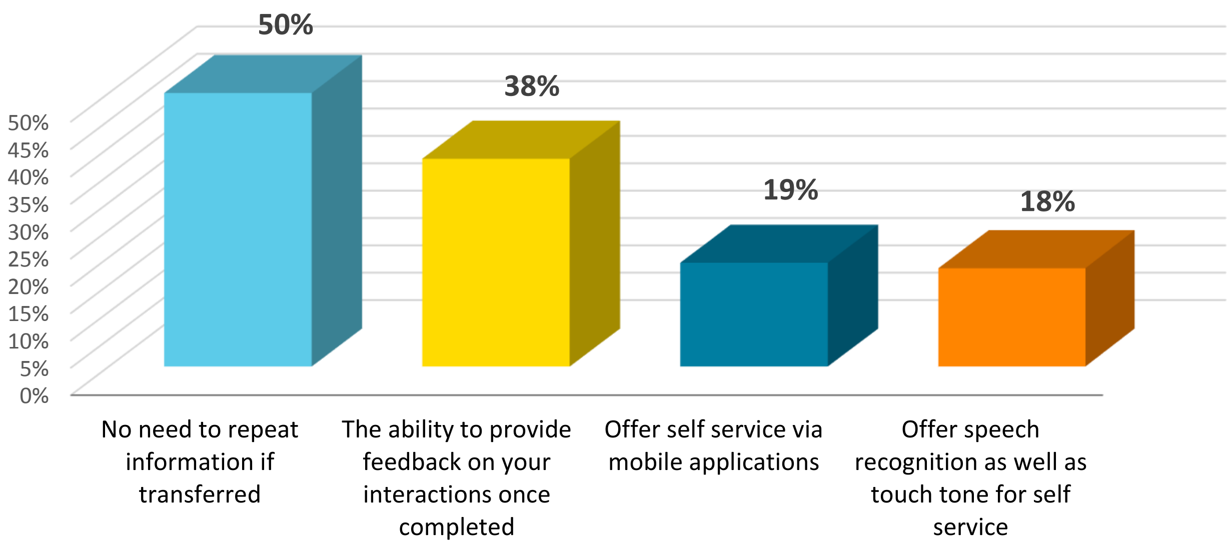
Customer Service Reputation

In general, consumers "usually" make purchasing decisions on products or services based solely on the organization's customer service reputation. More Australian and North American consumers indicated "about half the time," while German and Swedish consumers most frequently answered "seldom."

Summary of Findings – Consumer Survey

Technology Questions

With regard to customer service or support interactions, how valuable is it to you that a company provides the following:



Overall, consumers feel not needing to repeat information if transferred is the most valuable service a company can provide during an interaction with them. South African and Brazilian consumers feel the ability to provide feedback on their interactions once completed is most valuable and found the rest of the items (such as offering self service via mobile applications) extremely valuable vs. other consumer groups. These two aspects of the customer service process can particularly improve a customer's perception of the service they receive, and can lend directly to an exceptional customer experience and enriched loyalty.

2014 vs. 2013 comparison: These results are similar to 2013; however, Brazilian consumers found not needing to repeat information if transferred as the most valuable service in 2013.

Sharing an Experience – Positive, and Negative

Social media

More consumers from Australia and Sweden have not or would not use a social network to interact with a company for customer service. However, a little more than half of total consumers (53%) have used or would use Facebook to interact with a company for customer service. More South African and Brazilian consumers have used or would use Facebook for an interaction vs. other consumer groups. Twitter, Google+, WhatsApp Messenger, LinkedIn, and Instagram are other social media sites that consumers reported they use to interact with a company for customer service.

2014 vs. 2013 comparison: These results are similar to 2013; however, we did see increased percentages in the use of social networks by German, UK, Australian, and Swedish consumers this year.

Shared experience

Overall, consumers are more likely to share a positive customer service or support experience on a social media site vs. a negative experience (37% vs. 29%). Over half of South African consumers (51%) and Brazilian consumers (61%) reported sharing a positive experience on a social media site. Both of these consumer groups are more willing to share their experience, whether positive or negative, vs. other groups.

2014 vs. 2013 comparison: Only 27% of total consumers in 2013 indicated actually sharing a customer service or support experience on a social networking site; however, the question was worded differently in 2013: "Have you ever shared a customer service or support experience on a social networking site?"

Personal wall vs. a company's page

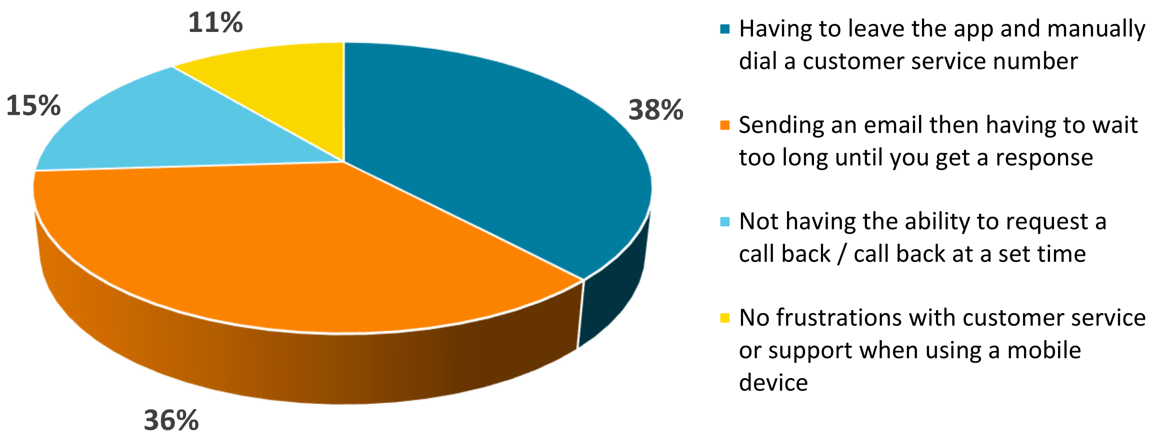
The majority of consumers (68%), besides German consumers, reported sharing their positive experiences on their personal Facebook walls. Over half of consumers from Germany, Australia, North America, and Sweden also reported doing so on the company's Facebook page. To a lesser degree, consumers also reported tweeting about their positive experience through Twitter without mentioning the company's name (15%), and with the company's name in a hashtag (13%). A total of 4% of consumers reported sharing their positive experience on a social network other than Facebook or Twitter. For negative experiences, consumers overall indicated sharing them on their Facebook wall, while Australian and German consumers tended to post their experiences directly on the company's Facebook page. On Twitter and other sites, consumers reported taking the same approach for negative experiences as with positive ones, with the total percentages very similar.

Responses from a company

For those consumers who indicated they shared their experience on the company's Facebook page or Tweeted the company's name in a hashtag, 51% or more, regardless of country origin, explained that the company responded both to their positive and negative posts. For positive posts, consumers further explained that companies mainly thanked them for the post/feedback, stated they were glad the consumer liked their service, and so forth.

Using a Mobile Device

When you use a mobile device for customer service or support, which is most likely to frustrate you?



What frustrates consumers most when using a smartphone and/or tablet in a customer service interaction is having to leave the app and manually dial a customer service number. Australia, German, South African, and Swedish consumers find long email response times most frustrating. Not having the ability to request a callback, and getting it at a set time, is also a growing frustration, mostly in Australia.

2014 vs. 2013 comparison:
These results are very similar to 2013.

Most valuable mobile capability

More consumers, regardless of country origin, feel the most valuable capability when using a mobile device in a customer service interaction is the ability to receive a callback once an agent becomes available. This is followed by, in order of value to the consumer: phone self-service; automated proactive reminders or notifications; speech recognition; and priority routing based on membership, status, or importance (or all three criteria). To ensure a superior customer experience among the growing number of mobile users globally, companies must therefore emphasize these and other valuable capabilities, while minimizing what frustrates consumers when using a mobile device.

Summary of Findings – Professional Survey

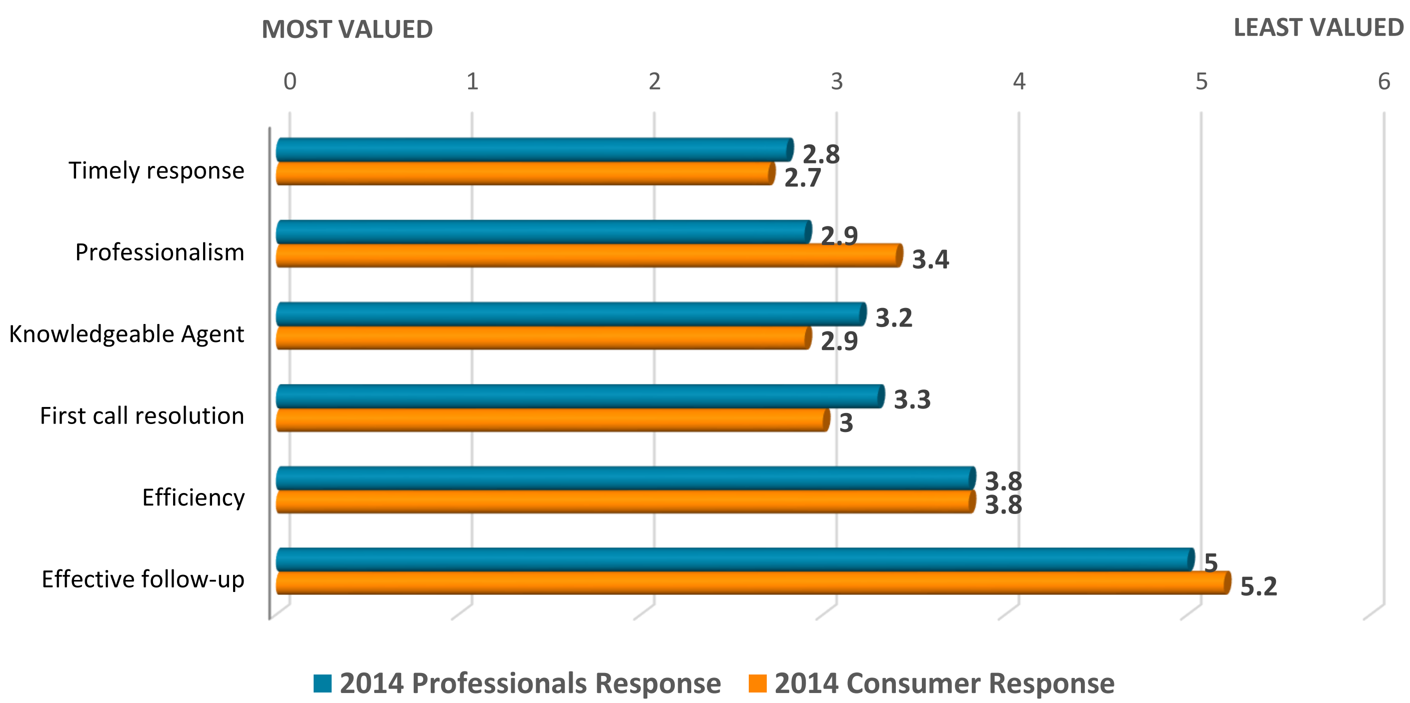
Customer Service Interaction Questions

Professionals and consumers agree that "timely response" is most valued in 2014, although other contrasts remain

2014 vs. 2013 comparison: 2014 results are similar to 2013; however, in 2013, professionals from Germany, South Africa, and the UK report a "knowledgeable agent" most frequently as most valued, while professionals from Sweden found "professionalism" as most valued. Note that "First call resolution" was added to the 2014 survey and results might have been affected by this change.

Professionals (IT professionals and customer care leaders) and consumers agreed in 2014 that a "timely response" is the most valued aspect of a customer service interaction. This was in contrast with findings from our 2013 study, when professionals valued a "timely response" while consumers most valued a "knowledgeable agent."

Which do you most value in a customer service interaction? Rank in order of value.
(Average Rank, Lower numbers represent higher rankings)

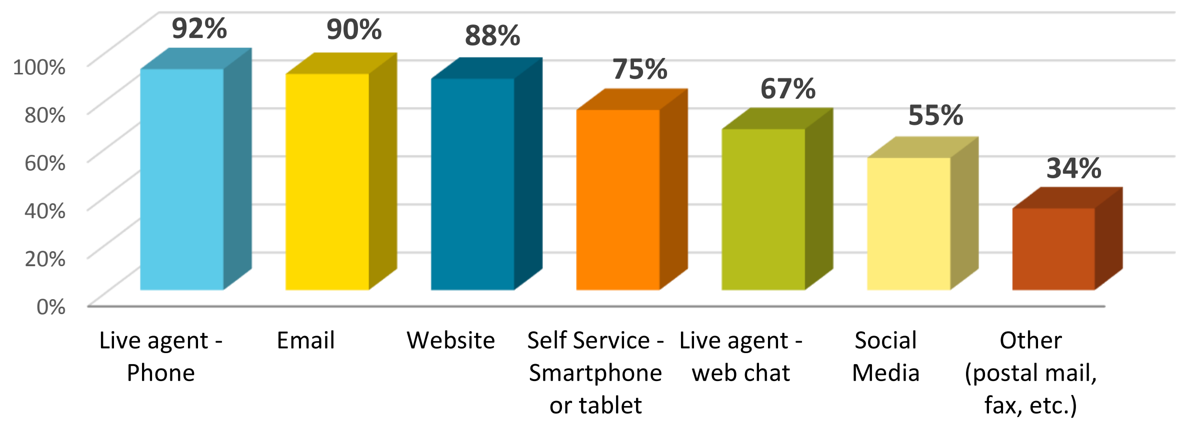


The impact of various factors on a customer service interaction

Although professionals and consumers rank "professionalism," knowledgeable agent," and first call resolution" in a different sequence of value just behind "timely response," each metric collectively lends to an exceptional customer experience. (With its addition in 2014, first call resolution has become an important contributor rather quickly, though more so in the eyes of consumers than professionals at this point.) Therefore within the customer service delivery process, the aim of professionals in any service-oriented company should be to emphasize all of these metrics jointly, including "efficiency" and "effective follow-up." Regardless of how each metric is weighted, they must all factor in to the customer's experience favorably.

Channel Preferences

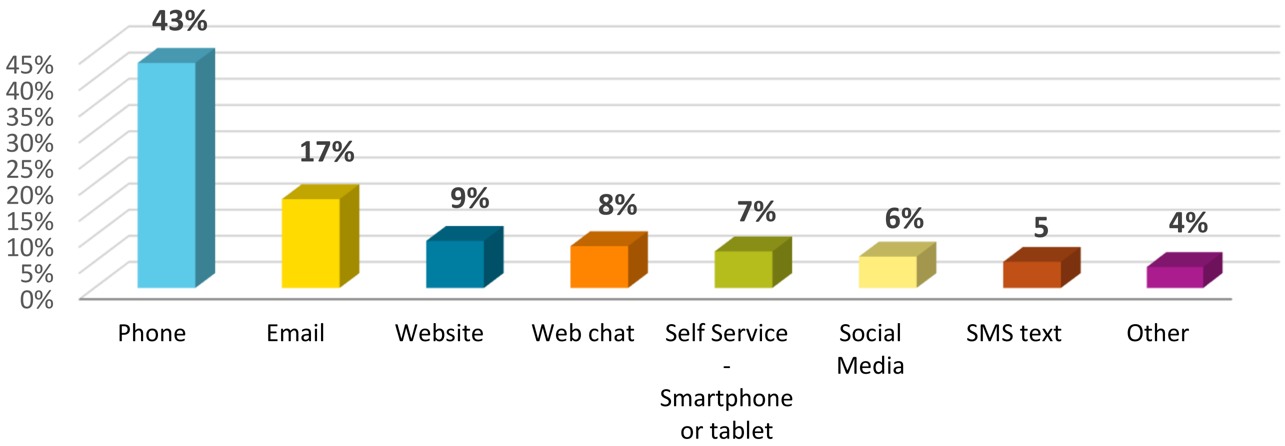
Which channels does your organization prefer to use when interacting with your customers?



In 2014, more professionals reported a live agent via phone is the method most preferred by their organizations when interacting with their customers. A quarter or more of professionals from Germany, South Africa, and Sweden ranked self-service from a smartphone or tablet as number one.

2014 vs. 2013 comparison: In 2013, channels ranked the same as in 2014: live agent-phone, email, website, and self service-smartphone or tablet.

What percent of the time do you use the following service or support communication channels to interact with your customers?



While professionals overall indicated in 2014 that their customer service or support typically uses the phone to interact with customers, professionals from UK and North America are most likely to use email.

2014 vs. 2013 comparison:
By their percentages, results in 2014 differ from those in 2013. In 2013, professionals indicated that their customer service or support typically used a phone (34%) to interact with customers, followed by email (20%), and then web chat (13%). In 2014, those percentages are 43%, 17%, and 9%, respectively.

Also, professionals from Germany and South Africa were most likely to use email in 2013, compared to UK and American professionals using email the most in 2014.

Social media

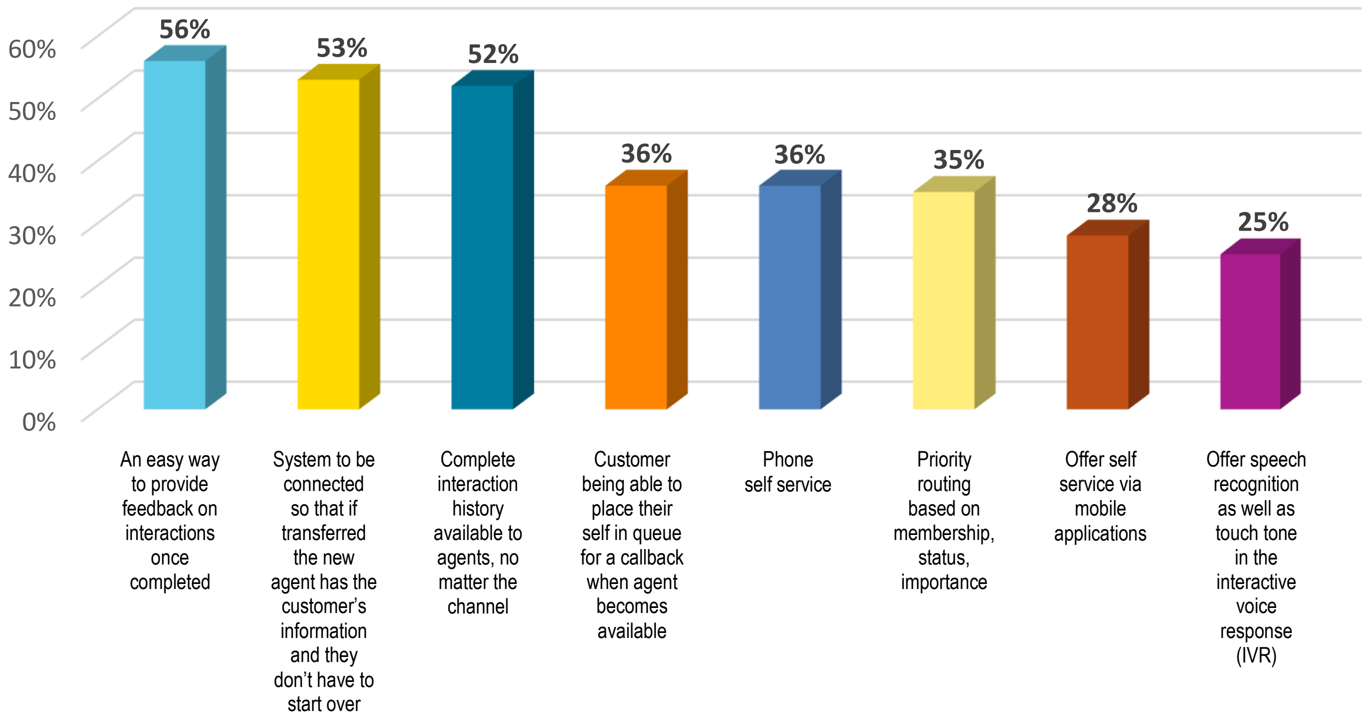
In 2014, 82% and 45% of professionals who indicated that their company has at least used social media to interact with their customers mentioned using Facebook and Twitter, respectively. Thes percentages are down noticeably from 2013, however. (See 2014 vs. 2013 comparison, at right.)

2014 vs. 2013 comparison:
Percentages are down from last year for Facebook and Twitter. In 2013, 94% and 64% of professionals who indicated that their company has at least used social media to interact with their customers mentioned using Facebook and Twitter, respectively. Also, LinkedIn was 42% in 2013 vs. only 23% in 2014.

Summary of Findings – Professional Survey

Technology Questions

How valuable is it to you to be able to offer each of the following services to your customers?



The most valuable service to offer customers, reported by all professionals, is an easy way to provide feedback on interactions once completed. As for professionals in Australia, North America, and Sweden, the most valuable service is having the capability to transfer the customer's information to a new agent, which avoids having to make the customer start over. Australian and UK professionals find a complete interaction history available to all agents as extremely valuable.

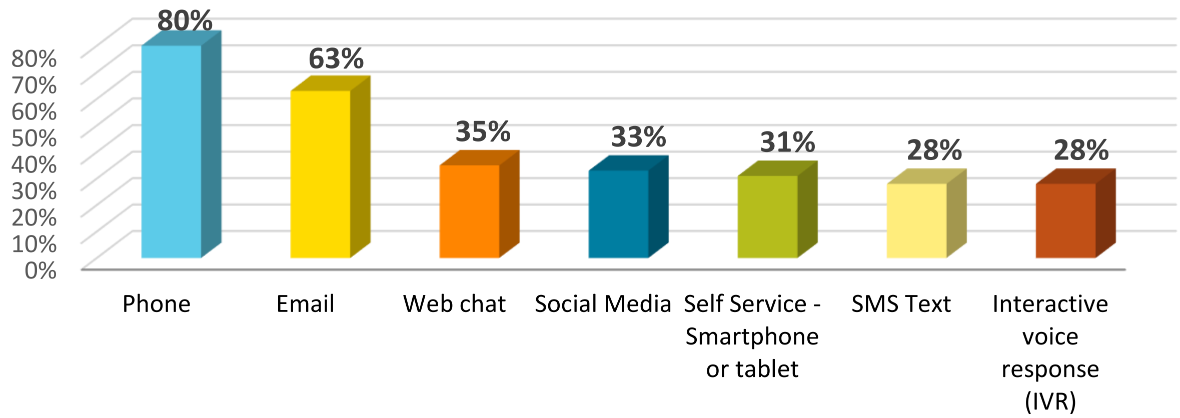
2014 vs. 2013 comparison: These results are similar to 2013; however, in 2013, a complete interaction history available to all agents was not noted as the most valuable service by any of the professional groups.

Value of Multichannel Options

2014 vs. 2013 comparison: These results are similar to 2013; however, in 2013, German professionals found email as the most valuable communication method vs. phone.

In 2014, 80% of all professionals reported the telephone as extremely valuable in their ability to provide interactive support for their customers. 71% or more of South African and Brazilian professionals find email as extremely important, while close to half of Australian, Brazilian, and Swedish professionals view web chat as extremely valuable in the ability to provide customer interaction. Overall, the total percentages among professionals in all regions showed the telephone as most valuable, followed by email, web chat, social media, self service - smartphone or tablet, SMS/text, and IVR.

Rate the value of the technology solution's ability to provide customer interaction via the following channels:



In comparison, consumers rate the phone (97%), email (91%), and web chat (69%) as their top choices when interacting with a company for customer service or support, although their remaining preferences vary sequentially from professionals, with SMS/text (44%) rated ahead of self service - smartphone or tablet (44%), IVR (37%), and social media (35%).

Acceptable Response Times, Per Channel

What do you feel is the appropriate response time after a customer submits a question or request using each of the following channels?

Web chat

For 2014, the majority of total professionals (60%) feel that less than 3 minutes is an appropriate response time for web chat, with only 6% believing that more than a 1-hour wait time is acceptable. This compares to 76% of total consumers feeling an appropriate response time via web chat is less than 3 minutes, with web chat responses issued between 5 to 10 minutes later deemed as "unacceptable" (marginally or wholly).

2014 vs. 2013 comparison: In 2013, more professionals were aligned with 1 to 3 minutes as an appropriate response time.

SMS/text

57% of total professionals feel that 5 minutes or less is an appropriate response time for questions or requests submitted via SMS/text. Professional groups were divided on a common acceptable wait time, with Brazil believing between 3 and 5 minutes to be acceptable at one extreme (29%) and Australia expecting an immediate response (2%) at the other extreme. Comparatively, most consumers expect a response in between 1 to 10 minutes. Likely to be determined as "unacceptable" (marginally or wholly) by consumers were text responses issued between 1 to 4 hours after their initial text.

2014 vs. 2013 comparison: In 2013, the most common response time via SMS)/text was 1 to less than 3 minutes.

Email

For email, acceptable response times varied significantly by country. While Brazilian professionals had the highest expectations (between 3 and 5 minutes as an appropriate response time), 63% of professionals overall reported between 10 minutes and 24 hours as being acceptable. This compares similarly to the majority of consumers (62%), who reported the same response timeframe as being appropriate for email submissions.

2014 vs. 2013 comparison: These results are similar to 2013 (for professionals).

Company website

When a customer uses the company's website, the most common response time stated by professionals is between 4 hours and 24 hours (17%). The difference for consumers is stark, with just over half overall (54%) believing a website-based response should arrive anywhere from 10 minutes to within 24 hours.

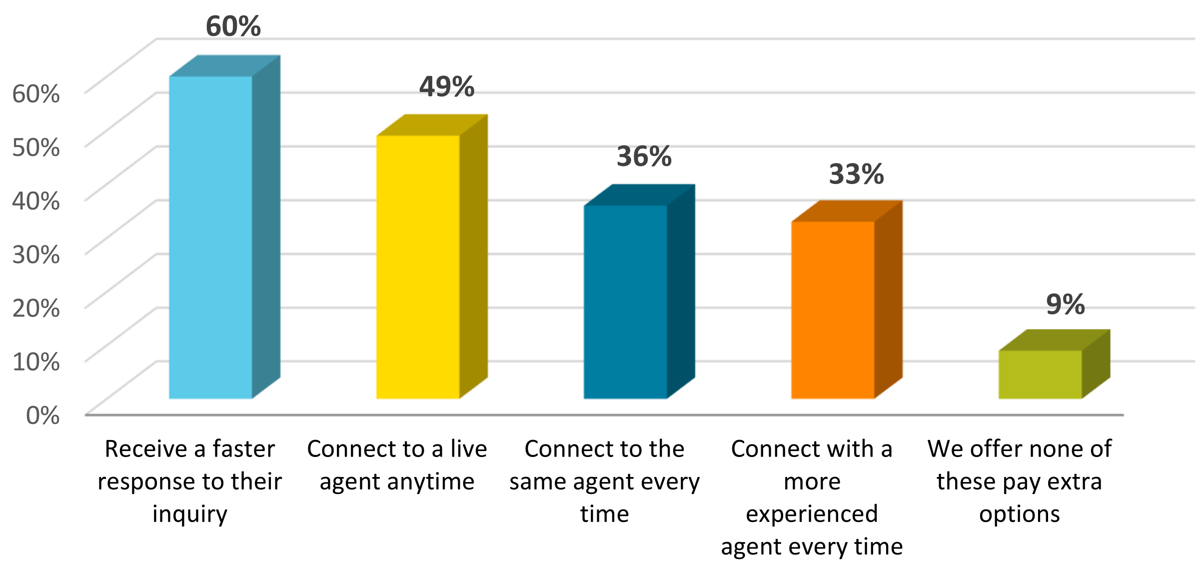
2014 vs. 2013 comparison: In 2013, the most common wait time for a web response was 24 hours or more.

Social media

As reported by 59% of total professionals, the most common response time when using social media is 10 minutes or (slightly) over. Among consumers using social networks, the expectation is much different, with nearly half overall (47%) believing a response should arrive anywhere from 10 minutes to within 24 hours.

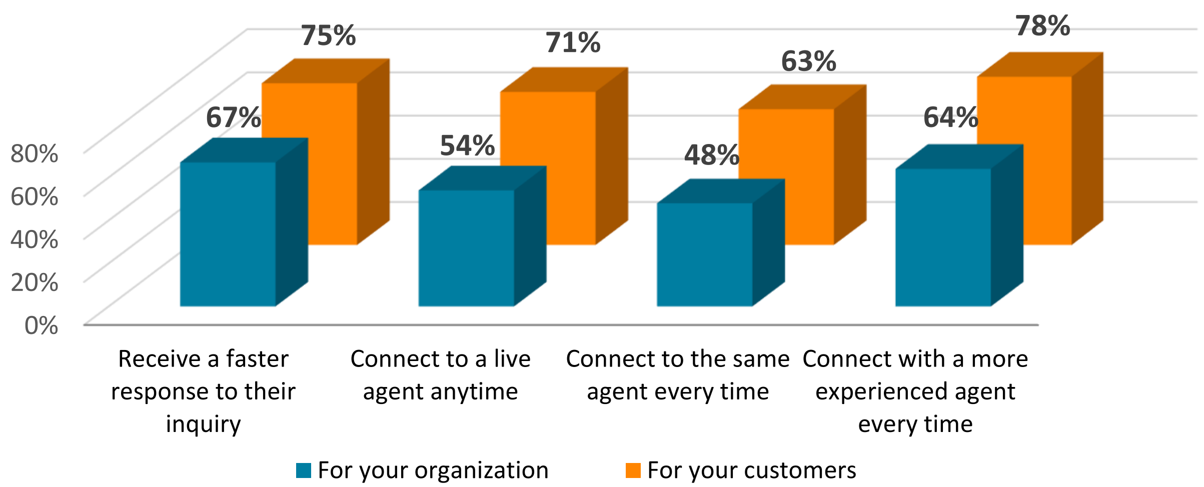
Higher Level of Service, Fee Based

Which of the following services do you allow your customers to pay extra for?



Overall in 2014, professionals found a faster response to a customer's inquiry as being the most important benefit via pay-extra fees for higher service levels (75%). Professionals further felt that connecting with a more experienced agent every time was the most beneficial fee-based service for their customers (71%).

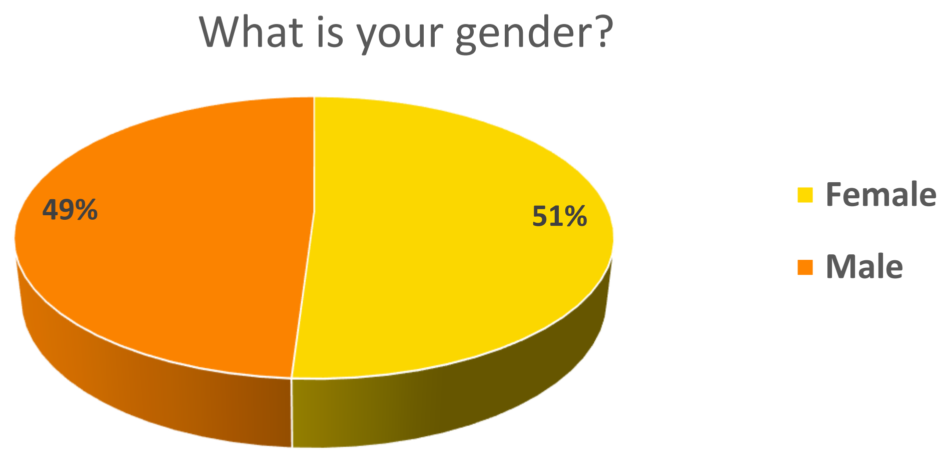
Concerning the services for which you allow your customers to pay extra, indicate how beneficial you have found each offering, both for your organization and for your customers.

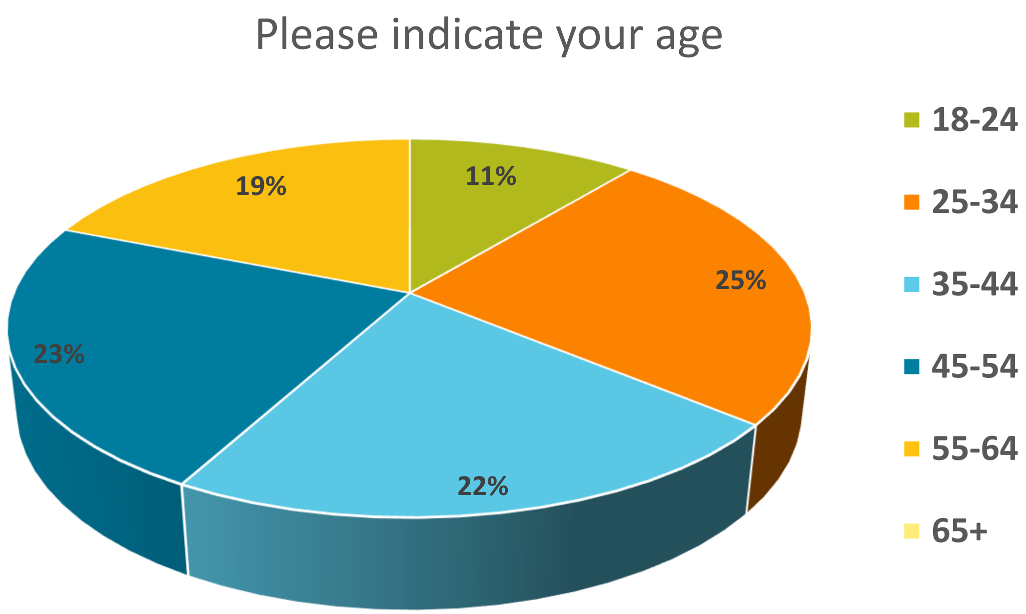


Appendix – Survey Demographics

For the 2014 Customer Service Experience Study, consumers were mainly female, though only by a small margin (2%). Ages for consumers ranged widely, with the most common range 25 to 34 years of age. This most common age range was significantly younger than in our 2013 overall study, when the most common range was 45 to 54 years of age.

2014 vs. 2013 comparison: In 2013, the most common range for consumers was 45 to 54 years of age.





About Interactive Intelligence

Interactive Intelligence, Inc. (Nasdaq: ININ) is a global provider of contact center, unified communications, and business process automation software and services designed to improve the customer experience. The innovative solutions from Interactive Intelligence have been built from the ground up using open standards, and are designed to centralize interaction processing on a single platform across all channels. This unique architecture enables organizations to provide a common, channel-independent customer experience across the contact center and enterprise without costly and complex integration requirements, the replication of systems, or vendor lock-in. Interactive Intelligence's solutions, which can be deployed via the cloud or on-premises, are ideal for industries such as financial services, insurance, outsourcers, collections, and utilities. In addition to software, the company provides a comprehensive solution-set that includes hardware, implementation, consulting, support, and education. Interactive Intelligence was founded in 1994 and has more than 6,000 customers worldwide. The company is among *Software Magazine*'s 2013 Top 500 Global Software and Service Providers, and has received a Frost & Sullivan Company of the Year Award for the last five consecutive years. Interactive Intelligence employs more than 1,900 professionals and is headquartered in Indianapolis, Indiana. The company has offices throughout North America, Latin America, Europe, Middle East, Africa and Asia Pacific. Interactive Intelligence can be reached at +1.800.267.1364 or info@inin.com.

At Interactive Intelligence, it's what we do.

www.inin.com

World Headquarters
7601 Interactive Way
Indianapolis, IN 46278 USA
+1 317 872 3000 voice and fax
Toll Free: 800.267.1364

EMEA Headquarters
Thames Central, Hatfield Road
Slough, Berkshire, SL1 1QE
United Kingdom
+44 1753 418 800

Asia Pacific Headquarters
Suite 6.1 Level 6 Menara IMC
8 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
+60 3 2776-3333