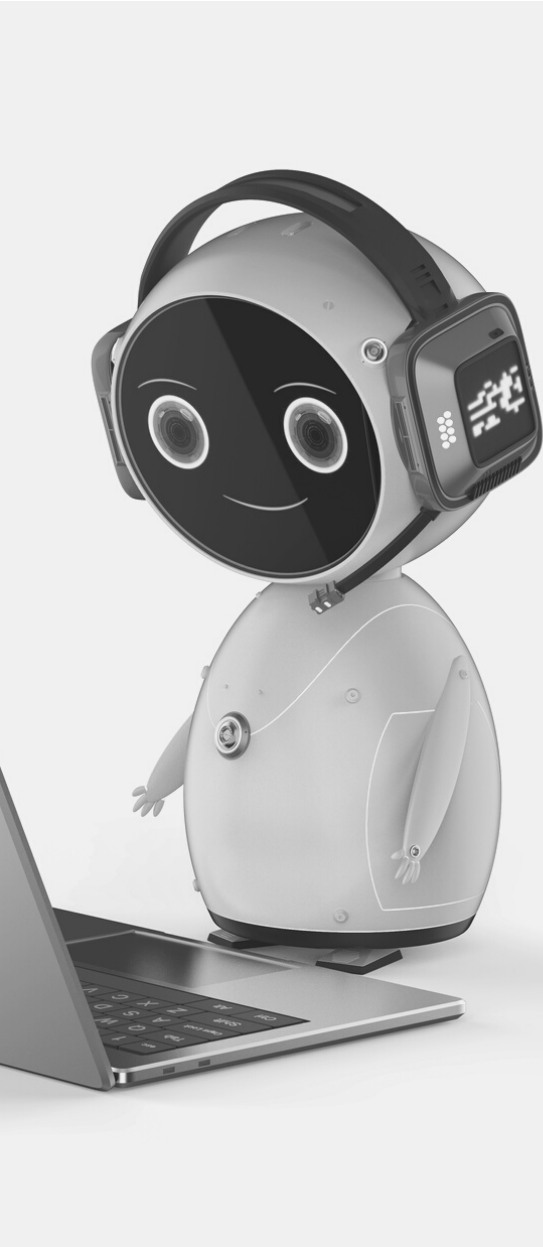


Consumer Communication Preferences for Sales, Marketing and Customer Service

July

2023



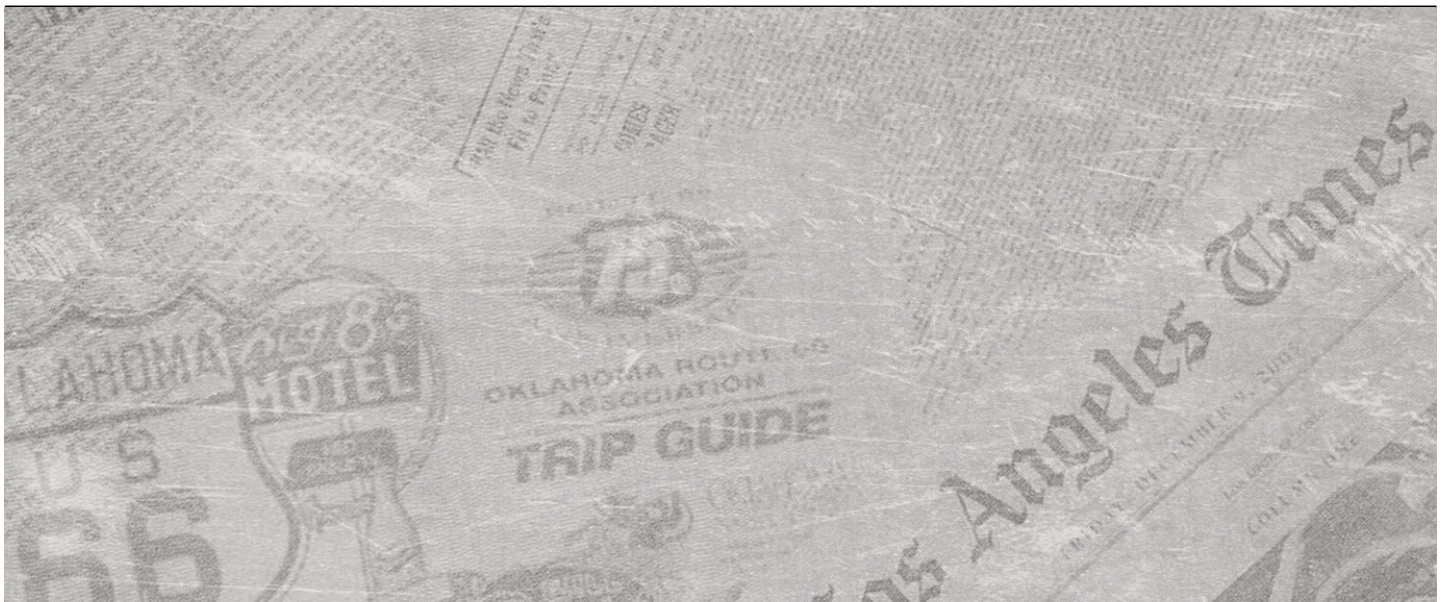


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The modern consumer prefers to manage their interactions with businesses on their own terms, choosing from a wide variety of communication channels based on trust, risk and personal comfort with the channel. The widespread use of business mobile applications has added to the channel choices as well. To better understand these preferences and how they have changed over the past few years Arion Research conducted a global survey of consumer communication preferences sponsored by Sendbird. The survey details and demographics are included on page #18.

This report examines the preferences of consumers for interacting and communicating with businesses for sales, marketing and customer service related activities. All the major communication channels, including email, phone / voice, text / SMS, push notifications, live chat, automated chat, public messengers (WhatsApp, Facebook Messenger, Telegram, etc.), and social media (LinkedIn, Instagram, Facebook, etc.) are included. The survey spanned overall consumer communications preferences as well as specific channel preferences for activities related to sales (buying), marketing (special offers, discounts, etc.) and customer service. Key findings include:

- When you offer the consumers' preferred communication channel, they are more likely to **remain a customer (82%)**, **buy more (69%)** and **become an advocate (66%)**.
- Consumer channel preferences vary by activity. This seems to be related to a combination of trust (or lack of trust) and the perception of managing risk by choosing a channel that matches the risk profile of the activity.
- There's growing **fatigue with text / SMS** due to the rapid expansion of its use as a communication channel across business functions. The exception though is with **personalized offers based on location or time of day**, where SMS is the #2 most preferred channel (36%), just behind the #1 choice, email (55%).
- Nearly **1 in 3 consumers** give businesses false contact information to prevent them from spamming or over communicating with them.
- Nearly **half of consumers** trust chatbots for shopping and entertainment, but that falls to **1 in 4** for banking and healthcare.
- Most consumers prefer interacting with a live human for support, but will tolerate a chatbot for immediate response. The chatbot must be helpful by either solving the issue or transferring to a live agent who can; however, **1 in 4 consumers** chose to switch brands or not renew a subscription because they had a bad customer service experience with a chatbot / automated online system.

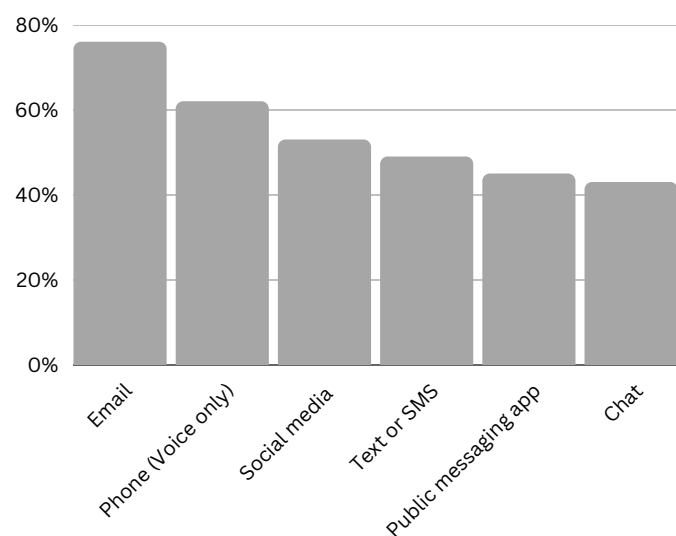


Communicating With Customers

The modern customer experience meets the customer where they are, providing multiple communication channels across the entire customer lifecycle. But according to consumers, different channels work best for different types of communication. Organizations need to pay attention to these trends since offering choice comes with both business benefits and with enhanced customer satisfaction.

Businesses need to embrace and implement an omnichannel communication strategy. The survey shows that preferences vary by function and online activity, as does trust of each channel based on activity. Consumers expect you to provide multiple channels that give them choice. Empowerment is critical for satisfaction and while there are rewards for meeting expectations, communication practices that poorly align with consumer preferences can have significant business consequences.

In the past year what communication channels have you used to interact with a company or other business institution?



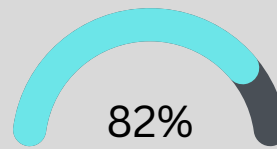
Nearly 1 in 2 consumers miss communications from a business regardless of channel

The rewards for meeting customer expectations by providing access to their preferred channel are clear. **Retention, attention and advocacy** are all high value outcomes for a company, particularly for businesses that are offering some or all products in a subscription model. In an economy where ongoing customer relationships are desirable, or even necessary for long term business health, keeping customers positively engaged is a high priority. An omnichannel communication strategy is essential.

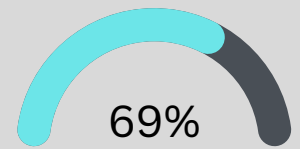
Poor communication experiences have a negative impact on customer retention and loyalty no matter the channel. With text / SMS one in four survey respondents said they would switch brands or not renew subscription because the company sent too many text / SMS messages. In the US nearly 1 in 3 consumers reported more unwanted or spam text / SMS messages in the past 12 months. Even as a practical matter, connecting with customers is getting more difficult as **29%** report giving businesses false information so they do not spam them.

When a business communicates with me using my preferred channel I'm more likely to:

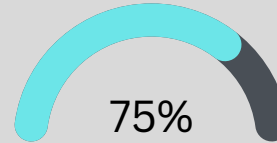
Remain a customer



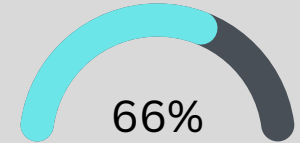
Make a new purchase



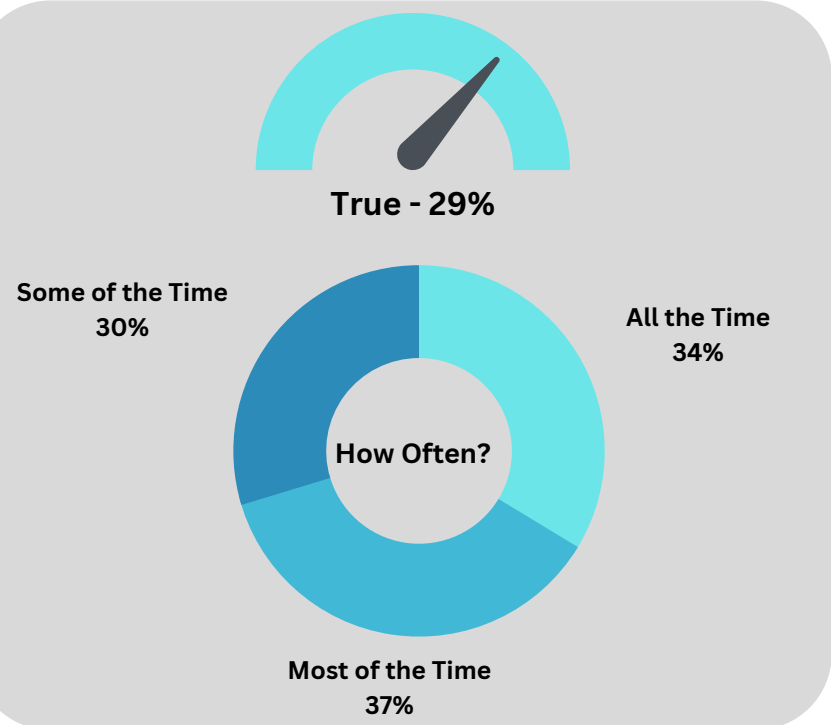
Pay attention to comms



Recommend the business



I give businesses false contact information to prevent them from spamming or over communicating with me.





Communication and Activity

Text / SMS is the #2 preferred channel for operational activities (transaction receipts, etc.) but drops to #5 for special offers and discounts

The survey provided some interesting insights into preferred communication channels for various online activities. For banking-related activities, which are perceived as higher risk, consumers preferred Email the most, followed by Phone. When it came to shopping, consumers favored Email and Public Messenger platforms. Entertainment-based activities showed a dominance of Social Media as the preferred channel, with Public Messenger coming second. In healthcare however, the more traditional method of Phone communication topped the list, followed by Email, likely because of the fear of privacy breaches with more sensitive personal information. The variation in preference across sectors suggests that consumers choose different communication channels based on the perceived effectiveness and convenience, with a dose of trust and risk management to temper the choices.

Communication Channel by Activity

Activity	#1	#2	#3
Banking	60% Email	52% Phone	41% Live Chat
Shopping	58% Email	48% Public Messenger	46% Tied: Text / SMS and Chatbot
Entertainment	67% Social Media	60% Public Messenger	47% Chatbot
Healthcare	42% Phone	34% Email	33% Live Chat

Looking at the least trusted channel choice by activity also demonstrates the desire to manage risk and the importance of trust in the decision / preference. Social media, for example, is not trusted for activities that have the perception of high risk of loss or of privacy concerns. For activities that are lower risk like entertainment, the choice seems to be driven more by convenience. Phone, which is a synchronous communication channel, is more likely the last choice because of convenience as much as lack of trust.

Least trusted channel by activity.		
Banking	82%	Social Media
eCommerce	62%	Phone
Entertainment	68%	Phone
Healthcare	83%	Social Media

Sales and Marketing

Consumer channel preferences vary by activity. This seems to be related to a combination of trust (or lack of trust) and the perception of managing risk by choosing a channel that matches the risk profile of the activity. Entertainment is generally perceived as low risk, while banking and shopping carry financial risks and healthcare carries privacy risks. Activities related to "operational" transaction like receipts and confirmations are generally single direction comms and are more for record keeping, thus perceived as medium risk due to the financial nature of the comms. The preference also falls to comms methods that are easier to archive for future use if needed.

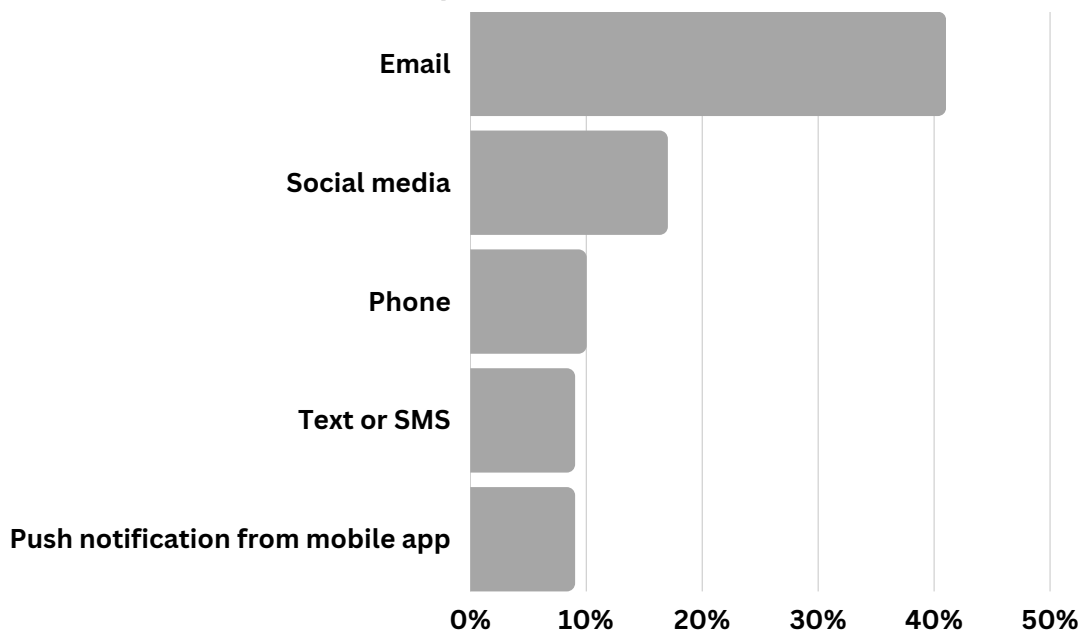
Preferred method for transaction confirmations and receipts		
#1	Email	58%
#2	Text / SMS	42%
#3	Push notifications	37%



DIGITAL MARKETING

**1 in 4 consumers find
Text/SMS notifications of
special offers based on
location or time of day
more useful.**

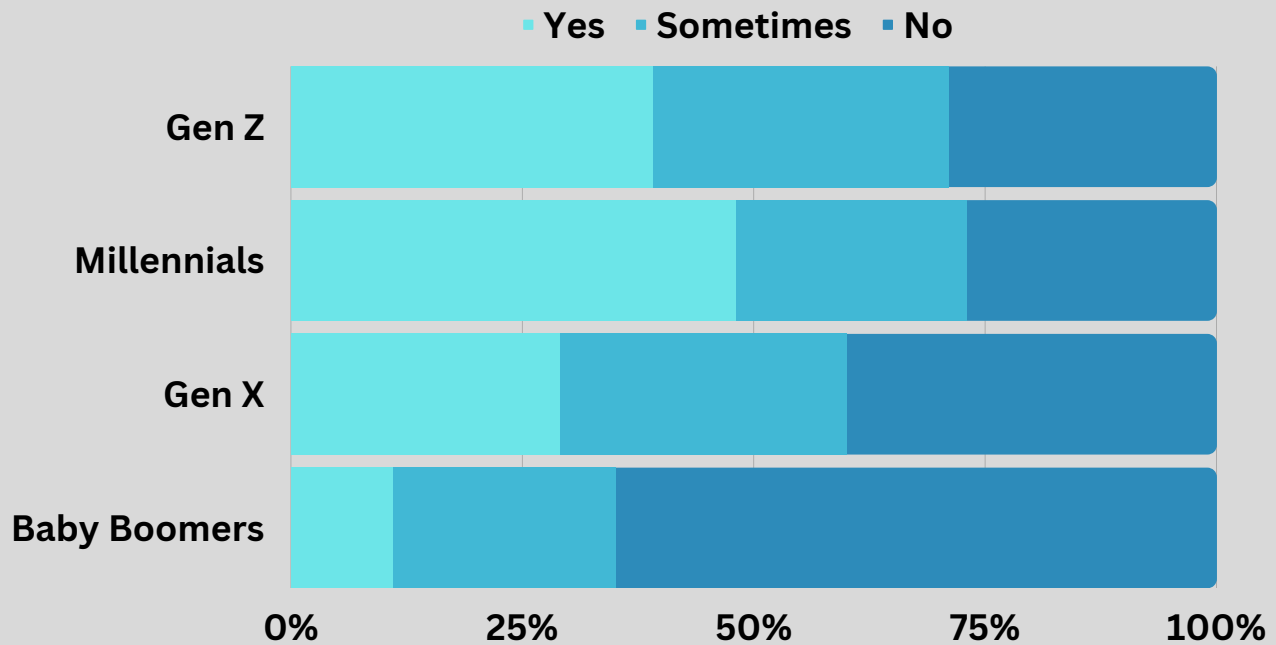
**Preferred method of learning about new offers or
special discounts**



Email remains a favorite among consumers for receiving new offers and special discounts. It's a platform that provides ample space for businesses to deliver detailed, personalized promotional messages directly into the consumer's personal inbox, allowing them to review and take action at their convenience. While SMS is next to last in overall preference, a significant portion of consumers, approximately one in four, find value in Text/SMS notifications of special offers when these are based **on location or time of day**. This shift is influenced by the immediacy and directness of SMS. For instance, a location-based offer can alert a consumer about a discount at a nearby store just as they're out shopping, and a time-specific offer can cater to their patterns of purchase. This timely, context-aware communication enhances the relevancy of the offers, making them more appealing and useful to the consumer. In this way, both email and SMS offer unique benefits and cater to different preferences and situations in a consumer's shopping journey.

85% of respondents usually allow (some or all) applications and/or websites to track their activity across other applications and websites

Do you usually allow applications and/or websites to track your activity across other applications and websites?



Consumers are willing to share more data if it's for **more personalized offers and experiences**. In other words, the value to the consumer has to be obvious to encourage the sharing, and your communication practices must be well managed. There is also a marked difference by generation in how open and willing consumers are to share data. It's not surprising that Baby Boomers are the least likely to allow an app to track them (65%), while 73% of Millennials allow some or all tracking.

DIGITAL
MARKETING

ADVERTISING

SOCIAL
MEDIA

CONTENT

SEO

PUBLIC
RELATIONS



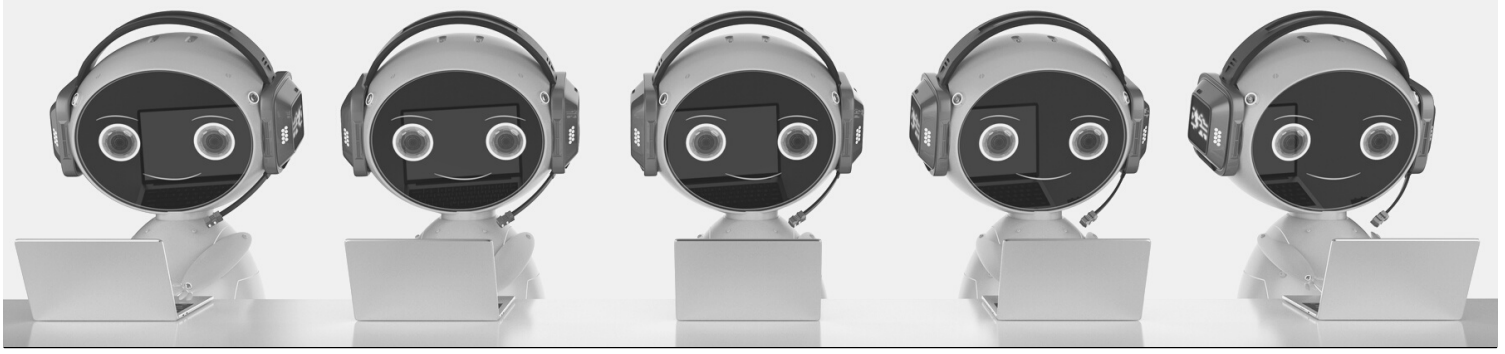
When an offer is personalized consumers prefer to receive these offers through a more personal channel like email, text / SMS, etc. If the offer is generic, consumers prefer the use of more generic channels where risk is perceived as lower.

Preferred method of learning about personalized offers

#1	Email	55%
#2	Text / SMS	36%
#3	Live Chat - Web	30%
#4	Live Chat - App	32%

Consumers today are looking for personalized experiences when they interact with businesses. With the surge of digital technology, many have turned to trusted direct communication channels like email, SMS, and live chat. These platforms allow businesses to tailor their messages and offers to individual preferences, thus delivering a level of personalization that isn't typically possible with mass advertising. The level of perceived risk in communicating with businesses for personalized offers though, seems higher for consumers than simple discounts and generalized marketing offers. Consumers want more direct, personal, and immediate communication channels, which makes it easier for them to engage and respond. As a result, consumers are more likely to take advantage of personalized offers that directly cater to their specific needs and interests.

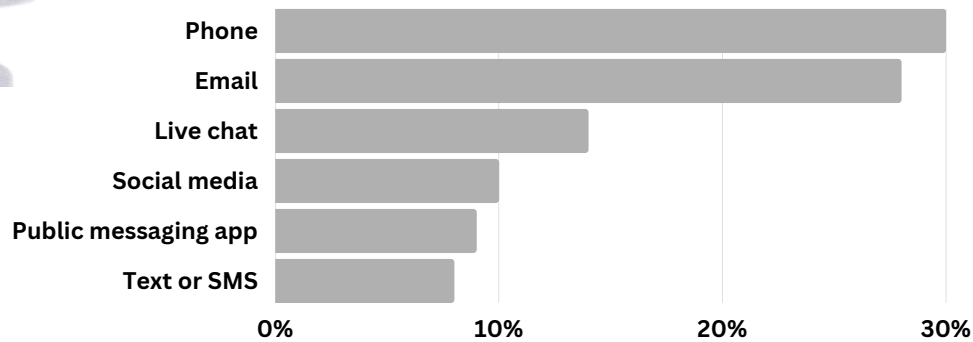
Using channels like email, SMS, and live chat enhances the convenience for consumers. Unlike traditional advertising methods, these channels are accessible right at consumers' fingertips, providing an instant and seamless communication experience. Email is great for sending detailed information and tailored offers, while SMS can provide quick updates and reminders. Live chat, on the other hand, allows for real-time interaction, which is perfect for answering queries, resolving issues promptly and making a personalized offer based on the needs gathered in a live chat session. In general, live chat provides a much more individualized experience, particularly when embedded in business mobile apps. This mix of accessibility, immediacy, and personalization delivered by these platforms makes them a preferred choice for consumers when it comes to receiving personalized offers from businesses.



Customer Service

Over 1 in 2 of Gen Z, Millennials and Gen X prefer Email for Customer Service

When seeking customer support from a business, what is your preferred channel for communicating?



Consumer preferences for customer service communication channels have evolved over the years. Despite the surge in digital communication channels, the telephone remains a significant means of customer service for many consumers. Phone calls allow for direct and immediate communication with customer service representatives, making it an ideal channel for handling complex or urgent issues that require a human touch. The ability to convey tone and emotion through voice often leads to a more personalized and empathetic customer experience. For older generations who might be less comfortable with digital channels, or for those who have limited internet access, the phone serves as a familiar and accessible alternative. However, it is worth noting that long wait times and the potential for being passed around between different departments can be a source of frustration for consumers using this channel, which has contributed to the rise in popularity of other customer service communication methods. The preference for email can be attributed to its nearly universal use and the ability to provide detailed information in a single exchange. Additionally, email allows for a written record of the communication which can be referred to later. As email does not require an immediate response, it affords both the consumer and the customer service representative time to articulate their messages thoughtfully. Consumers tend to perceive email as a more effective means of communication, especially when dealing with complex or sensitive issues.

In contrast, text/SMS and live chat are preferred for their immediacy and convenience. Text messaging allows consumers to communicate on the go and receive swift responses. This medium is particularly favored for simple queries or updates. Live chat combines the immediacy of text messaging with the robustness of a web-based platform, making it ideal for real-time support while browsing a company's website. As for social media, it's a popular channel among consumers who want to publicly share their experiences or seek rapid assistance. Public messenger apps integrate the directness of text with the wide reach of social media, but ranked last among the preferred channels. The rankings reflect a balance between the need for thoughtful and detailed communication through email, and the demand for swift, convenient exchanges through more immediate channels like text and live chat.



The data clearly highlights the significance of real-time chat options for customer service. With 82% of consumers considering it important or extremely important, it's evident that real-time interaction not only meets their immediate needs but also gives them a sense of engagement and control. They appreciate the immediacy and directness that live chat offers - it's almost like having a personal assistant at their beck and call. It fosters a sense of trust in the business, demonstrating a commitment to address issues and resolve them promptly. This not only boosts the customers' satisfaction levels but also their loyalty towards the brand.

The preference of customers extends to automated customer support chat systems as well. Consumers understand the benefits that these automated systems bring in terms of efficiency and availability. They provide an immediate response, thus giving customers a sense of acknowledgment and assurance that their concerns are being addressed. However, the consumers also value the human touch in customer service. They're comfortable with being initially attended to by an automated system, but when the query becomes complex or requires a personalized touch, they prefer being transferred to a live agent. The best customer service experience, it appears, is a blend of AI efficiency and human understanding, together creating a seamless, responsive, and personalized customer experience.

When seeking customer service from a business, which communication channels do you prefer? (rank ordered list - excluding phone / voice as a choice)

Channel	Rank	% Ranking Channel
Email	#1	50%
Text / SMS	#2	33%
Live Chat	#3	52%
Social Media	#4	32%
Public Messenger	#5	35%

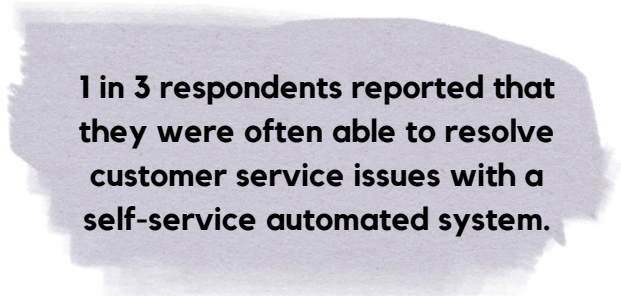


**82% reported that
chatting in real time
with a business for
support is important
or extremely
important**

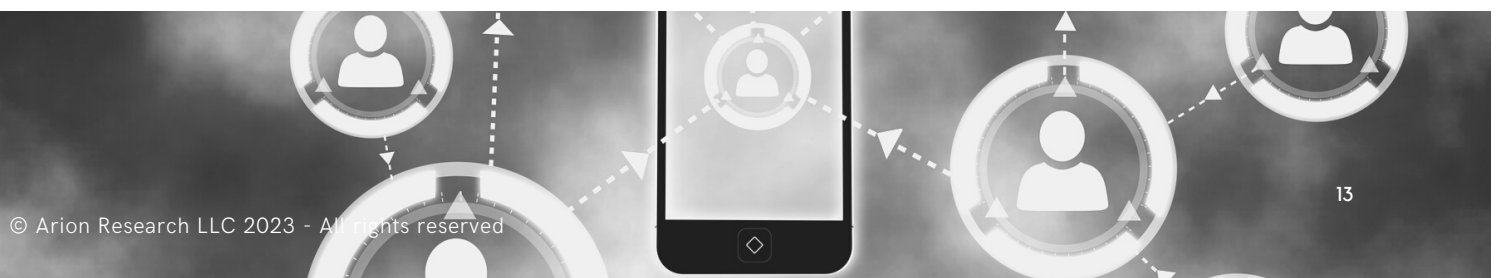
Live Chat and Chatbots

Live chat functionality is an essential tool for customer service online, both on business websites and also in business mobile applications. It offers an effective communication channel that helps businesses address customer queries and issues in real time. As consumers increasingly expect instant responses to their concerns, live chat bridges the gap by providing immediate assistance. This not only leads to enhanced customer satisfaction but also helps in improving conversion rates, as potential customers are more likely to make a purchase when their issues and questions are addressed promptly. By facilitating a more personal interaction, live chat contributes to building stronger customer relationships and fostering brand loyalty.

Incorporating live chat for customer service allows businesses to gain valuable insights into customer behavior and preferences. The transcripts of chat conversations can be analyzed to understand common concerns or identify areas where the product or service may need improvement. It's a cost-effective method compared to traditional channels like phone support, as agents can handle multiple chats simultaneously, increasing efficiency. Because it is real time and interactive it provides a much better experience over asynchronous communication tools like email. Live chat also empowers customers by giving them control over the conversation, they can multitask and respond at their own pace, creating a more comfortable and convenient support experience. This combination of immediacy, efficiency, and customer-centric focus makes live chat an indispensable tool for modern customer service.

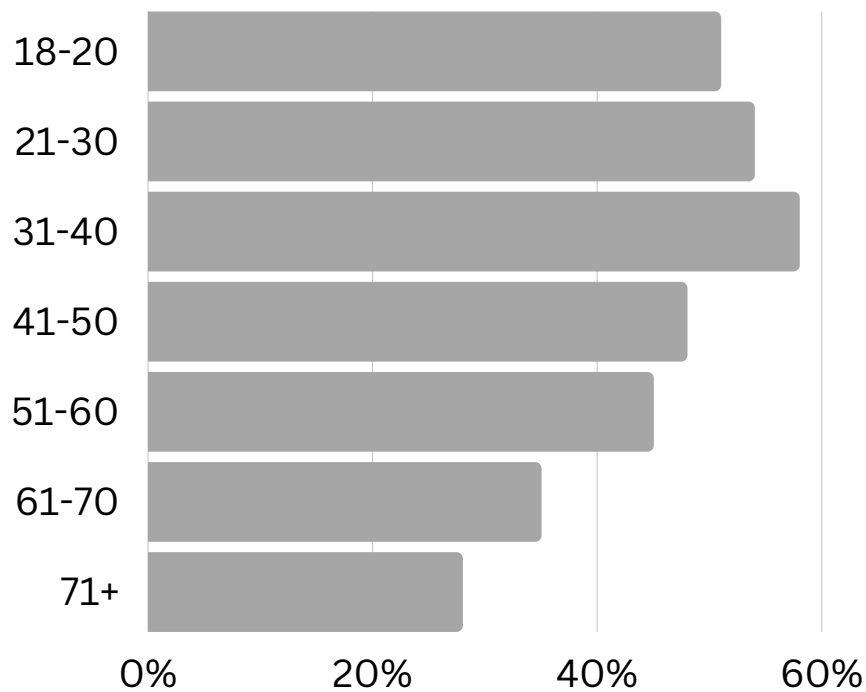


**1 in 3 respondents reported that
they were often able to resolve
customer service issues with a
self-service automated system.**





I don't mind interacting with an automated customer support chat system first and then being transferred to a live human agent if needed.

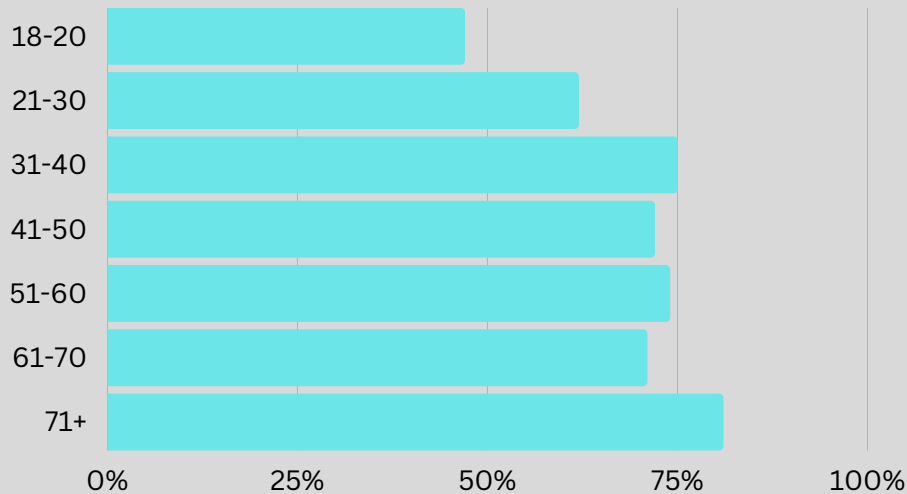


The use of chatbots in customer communication has been on a steep rise in recent years. This technological innovation, which employs Artificial Intelligence (AI) and Natural Language Processing (NLP), has revolutionized the way businesses interact with their consumers. Chatbots allow for 24/7 customer service, providing instant responses to customer queries without any waiting time. This not only increases customer satisfaction but also reduces the workload on human customer service representatives, allowing them to focus on more complex issues. Moreover, chatbots can handle multiple conversations simultaneously, which is highly beneficial for businesses with a large customer base.

Comfort in the use of automated systems is, not surprisingly, influenced by the respondents age / generation. Millennials and Gen Z are much more likely to prefer the use of an automated chatbot system for customer service. When compared to Gen X or Baby Boomers, Millennials are more than twice as likely to prefer the use of an automated chatbot system.



I prefer to chat directly with a human for customer support rather than with an automated response system / chatbot.

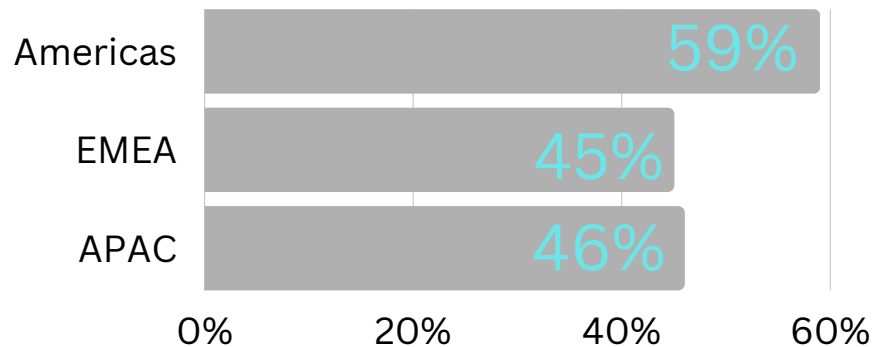


The immediate nature of chatbot responses to direct a customer inquiry or request meets consumer real time expectations. Probably not surprising, but consumers hate being put on hold...**57% of consumers chose to switch brands or not renew a subscription** because when they contacted the business, they were put on hold. **1 in 4 consumers chose to switch brands or not renew a subscription** because they had a bad customer service experience with a chatbot / automated online system.

However, it's not just any chatbot that can deliver these benefits. The usage of modern intelligent or smart chatbots is crucial to truly enhance the consumer experience. These chatbots are designed to understand context, interpret user intent, and even learn from past interactions, thus providing personalized and accurate responses. Unlike traditional chatbots that follow pre-determined scripts, smart chatbots can handle unexpected queries and adapt their responses accordingly. This greatly improves the quality of customer interaction, making it feel more human-like and personal. As a result, intelligent chatbots not only streamline customer service operations but also contribute significantly to building stronger, more meaningful relationships with consumers.



I don't mind interacting with an automated customer support chat system first and then being transferred to a live human agent if needed.



The **hybrid model**, which combines intelligent chatbots with human intervention, is increasingly seen as the most effective and accepted method for using chatbots in consumer communication. This approach seeks to leverage the strengths of both AI and human agents to deliver an exceptional customer experience. Intelligent chatbots form the first line of communication. They handle routine queries, provide instant responses, and manage a high volume of conversations simultaneously. Their capabilities to provide 24/7 support and immediate responses greatly enhance customer satisfaction and operational efficiency.

However, AI, as advanced as it may be, cannot yet replicate the depth of understanding, empathy, and complex problem-solving abilities of a human. This is where human intervention becomes crucial. When a customer's query surpasses the bot's understanding or when a more nuanced response is required, the conversation can be seamlessly transferred to a human agent. This ensures that the customer's needs are fully understood and addressed in a personalized manner. Furthermore, the agent can draw from the chatbot's conversation history to gain immediate context and ensure a smooth transition. By integrating the efficiency of chatbots and the empathy of human agents, the hybrid model offers a balanced, efficient, and satisfying customer experience that caters to the evolving expectations of modern consumers.

So What?

- Providing a positive customer experience should include expanding communication channels from email and phone to include the more modern convenient channels like text / SMS, live chat via both website and mobile app, and, when used with some restraint and quality control, chatbots.
- The preferred communication channels change across business functions as well as online activity. The perception of higher risk, either financial risk or the risk of exposing personal information links directly to the consumers' trust level with each communication channel to drive consumer choice.
- The hybrid model of integrating intelligent and efficient chatbots with human intervention through live chat when needed is the most effective way for businesses to meet customer expectations and preferences for support.
- Over communicating through any channel can have unintended negative consequences. Departments across the company need to coordinate channel and frequency of communication to prevent customer fatigue.
- Sending more personalized messages gives businesses permission to communicate through the more personalized channels like text / SMS.

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The Study

Arion Research conducted a global survey of consumer communication preferences sponsored by Sendbird. The survey, which ran Jan-Feb 2023, collected responses from 1200 consumers in 14 countries in North America (NA), Europe, Middle East and Africa (EMEA) and the Asia Pacific (APAC) regions.

