

Reality check: why IVR isn't irrelevant.

Think Web and mobile have made IVRs obsolete? Think again – and then invest accordingly.

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Introduction

When it comes to customer service, the phone isn't going anywhere. Even as digital channels gain traction, the majority of consumers still prefer the phone over Web, social and mobile combined.¹

99%

will engage with an IVR that meets their expectations

But just because consumers prefer the phone doesn't mean they're content with the same old approaches to IVR. In fact, the opposite is true. Your customers now demand service that's fast and easy. If you don't provide it, everything from your bottom line to your brand perception will suffer.

To understand why, consider what consumers say about IVR:

- **82% want conversational IVR.**² Ninety-one% of U.S. adults now own mobile phones³ and nearly 50% have ditched their landline phones in favor of mobile.⁴ This proliferation means more people are using speech-enabled apps to look up and dial contacts, compose text messages and get directions. Those experiences have conditioned them to expect the same level of natural language convenience when calling customer service. Conversational IVR transforms the self-service experience by enabling customers to speak naturally to achieve their objectives. A friendly, human-like persona and high-quality audio make the system easier to use while engaging the caller in conversation much the same way a live agent would
- **83% say IVR quality affects their opinion of a company.**⁵ Consumers say a positive IVR experience makes them feel like that company cares about providing good service. At the same time, a negative IVR experience leaves a negative brand perception, potentially driving their business elsewhere.
- **37% might stop doing business with a company after a single bad IVR experience.**⁶ The stakes have never been higher. With your competitors just a click away, consumers won't accept inferior service because they don't have to. So every IVR interaction needs to wow them by providing the right answer right away and with minimal effort. Fast, easy and right rule the day.

To get additional insights into IVR preferences, Nuance commissioned a survey of 1,000 US consumers, along with detailed usability testing. The findings confirm that although people still think IVRs can be annoying, they have by no means given up on using them. In fact, a mere 1% of survey respondents say they'll never try to use the IVR before transferring to an agent. That means 99% will engage with an IVR that meets their expectations.

The bottom line? Consumers prefer self-service and will use an IVR as long as it makes their lives easier. This paper provides real-world insights to help you provide an IVR experience that wows customers while minimizing your operational costs.

1 Virtual Hold, "2013 Consumer Poll," 2013.
2 Industry Analysts, Inc., "Voice Recognition Systems Outlook Report," 2012.
3 Pew Research Cell Phone Activities 2013
4 National Health Statistic Report 2013
5 Nuance Communications, Inc., "Consumer Survey on Phone Self-Service Preferences," April 2014.
6 Ibid.

#1. Touchtone IVR no longer cuts it

Touchtone IVRs may have been good enough in the past, but those days are over. Today’s consumers want IVRs that are intuitive and conversational: “Welcome back, Jim. Are you calling about the order you placed yesterday?” rather than “Press 1 to place an order. Press 2 to check on an existing order.”

People’s experiences with speech-enabled intelligent virtual assistants have raised their expectations about what’s possible with IVR. Conversational technologies such as Natural Language Understanding (NLU) enable your IVR to meet those expectations.

Does a conversational IVR experience really make that big a difference? You bet it does. Nearly one-third of consumers say they’re more likely to use a conversational IVR.⁸ And 47% of survey participants say a friendly and natural IVR creates a positive customer service experience.⁹ That directly affects your bottom line because an IVR can’t reduce your contact center costs if most customers don’t use it.

What’s more, 43% more people are likely to trust a conversational IVR over touchtone.¹⁰ It’s no secret that trust goes a long way toward building long-term customer loyalty. Plus, if they trust the interaction, they’re less likely to call back to confirm results with an agent, reducing your inbound call volume. That also frees your agents to focus on customers with complex questions that require live agent support.

Usability studies back up these surveys. When asked to compare a touchtone IVR with a conversational IVR for accomplishing the same task, participants overwhelmingly preferred the conversational experience.

Touchtone IVR

54% annoying and boring
47% irritating
28% efficient

Conversational IVR

65% friendly
64% easy
59% helpful and efficient¹¹

#2. IVR should be fast and easy

Consumers prefer self-service that’s fast and efficient. With nearly half of all customer service handled over the phone,¹² an IVR that makes self-service fast and easy for callers can really pay off.

But too many IVRs fail to deliver the speed, efficiency and ease of use that today’s consumers demand. People don’t want to wade through complex menu mazes and endless lists of options; they just want answers—fast. In fact, 40% of consumers will transfer to an agent if there’s not a first-level menu choice that matches why they’re calling. Every agent interaction is an additional drag on your bottom line.

Usability study participants were asked how likely they were to recommend a company to a friend or colleague (on a scale of 0-10 with 10 being highly likely) based on their IVR experience. The conversational IVR received a Net Promoter Score (NPS) of 83%, which indicates that 83% responded with a 9 or higher. The touchtone IVR received a NPS of -50%, which means the majority of respondents responded with a 6 or lower.¹⁵ These results aren’t all that surprising given that 40% of consumers say touchtone IVRs are just too wordy and slow, and 38% say they take too long to get to the point.¹⁶ That’s hardly a ringing endorsement. In fact, it’s enough to make them hang up and call a competitor.

55%

of consumers prefer IVRs that feel like a conversation with a live agent.⁷

60%

of consumers would use an IVR if it gave them an answer faster than waiting for an agent.¹⁴

7 Nuance Communications, Inc., “Consumer Survey on Phone Self-Service Preferences,” April 2014.

8 Ibid.

9 Nuance Communications, Inc., “Consumer Survey on Phone Self-Service Preferences,” April 2014.

10 Ibid.

11 Nuance Communications, Inc., “Touchtone vs. IVR Usability Study,” May 2014.

12 Source?

13 Nuance Communications, Inc., “Consumer Survey on Phone Self-Service Preferences,” April 2014.

14 Ibid.

15 Nuance Communications, Inc., “Touchtone vs. IVR Usability Study,” May 2014.

16 Nuance Communications, Inc., “Consumer Survey on Phone Self-Service Preferences,” April 2014.

To engage callers, your IVR should streamline caller interactions. It should ask open-ended questions such as “How can I help you?” and allow callers to describe their needs in their own words, such as “Yeah, I have a question about my statement.” If the caller’s intent isn’t clear, the IVR can ask questions for clarification, just as an agent would, to ensure fast, accurate service. This convenient, conversational approach increases customer satisfaction and saves money by maximizing call containment rates.

#3. Personalized IVR is highly desired

Consumers are saying “no thanks” to one-size-fits-all customer service. Across all channels, including the phone, people want interactions to be proactive and personal. That’s why traditional IVRs frequently fall short of customer expectations. Fifty-seven percent of consumers say the reason they’re calling is never on the IVR’s generic menu tree.¹⁷ And we all know where that can lead: frustrated opt-outs to agents, angry hang-ups and call-backs, and even worse, lost business.

Today’s IVRs can greet callers by name, predict the reason for the call and deliver information proactively for a personalized, effortless interaction. With 52% of consumers saying they’d use an IVR that can provide answers before they even ask questions,¹⁹ it’s worth considering what a conversational IVR can do for your customer satisfaction levels—and your bottom line.

#4: Consumers want more control

Nothing frustrates customers like getting lost in an IVR menu maze with no way out. But that’s exactly what many IVRs do: confuse and trap callers until they hang up. An alarming 45% of consumers complain that IVRs lock them in so they can’t get to an agent.²⁰

People want to receive service on their own terms—not yours. That’s why it’s important to give them control over their service experience. Conversational IVRs make it easy for callers to opt out to the right agent at the right time.

Want to cut down on agent wait times? Let callers request a call-back at a convenient time. Fifty-three percent of consumers say they’d use an IVR if it offered the option to get a call-back rather than wait on hold for an agent.²²

Eager to increase automation rates even further? Use the IVR to enroll callers for reminders or confirmations that could eliminate the need for them to even make the call. Twenty-three percent of people say they’d use an IVR that let them choose to receive a text, email, or phone reminder or confirmation.²³ These findings suggest that giving people options is no longer optional; it’s expected.

55%

of consumers say an IVR that personalized the menu based on their needs would provide a positive experience.¹⁸

66%

of consumers would use an IVR if they knew it would let them get to a live person when they wanted.²¹

¹⁷ Nuance Communications, Inc., “Consumer Survey on Phone Self-Service Preferences,” April 2014.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid.

Conclusion

Consumers aren't ready to give up on your IVR, so neither should you. Even as you invest in self-service across Web, mobile and that next big thing, you can't afford to ignore changing expectations for what remains the most frequently used service channel: the phone. Consumers have voiced their preferences. Now it's up to you to give them what they want. If you won't, chances are your competitors will.

If you're ready to deliver an intelligent, conversational IVR experience that exceeds caller expectations, we have the innovative technologies and proven expertise to help. Contact us at CustomerExperienceExperts@nuance.com.

About Nuance Communications, Inc.

Nuance Communications is reinventing the relationship between people and technology. Through its voice and language offerings, the company is creating a more human conversation with the many systems, devices, electronics, apps and services around us. Every day, millions of people and thousands of businesses experience Nuance through intelligent systems that can listen, understand, learn and adapt to your life and your work. For more information, please visit nuance.com.
