



Implications of the **Rising Cost of Living** on Customer Contact

June 2023

A CCMA Research Initiative

Supporting Partner

 **CallMiner**

Changing customer behaviours

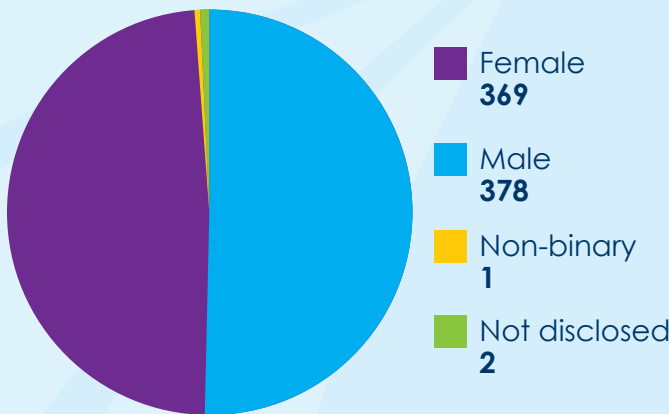
With inflation continuing at record high levels in Q2 2023 the CCMA commissioned research, supported by CallMiner, to quantify the impact of rising costs on customers and how this is affecting contact needs and behaviours.

This report outlines the findings of this research, which will be of interest to every organisation and every contact centre grappling with the impact of the cost of living on their customers.

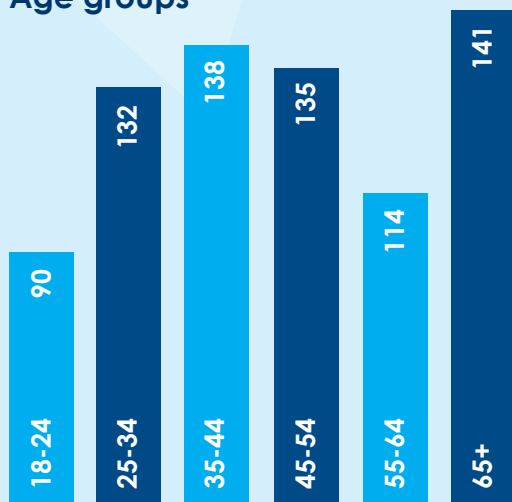
Research methodology

This research comprised a quantitative survey with 750 online interviews conducted with UK adults aged 18+ from 29th March through 4th April 2023. Quotas were set by age, gender and region to ensure a nationally representative sample. The composition of the sample was as follows:

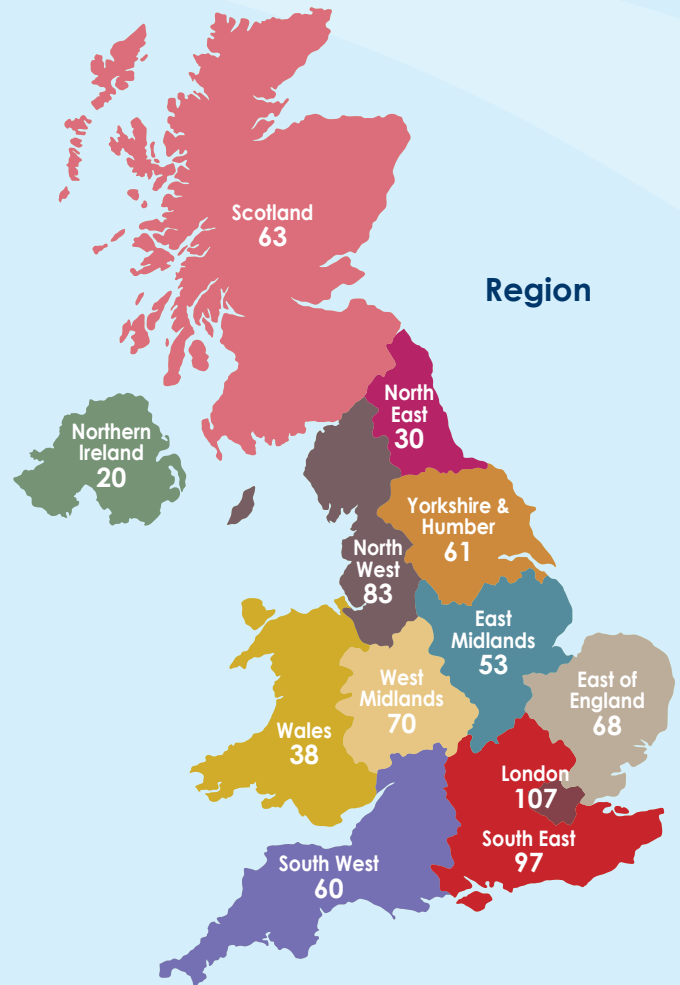
Gender



Age groups



Region



Foreword from CCMA

The repercussions of the rapidly rising cost of living are keenly felt in contact centres.

Customers seeking help to manage financial expenditures significantly contribute to contact centre demand. These interactions are also highly complex and emotional.

This research lays bare the extent to which people have been affected by rising costs. It also reveals consumer perceptions of how well providers are helping varies by sector, with banks seen as the benchmark. There is considerable room for brands to improve perceptions that they care about helping their customers.

We reveal a 'proactivity gap'. More consumers would welcome being contacted by an organisation (via email) if it would help them manage their expenditures, than have actually been contacted. Closing the gap by ramping up outbound contact on relevant topics would be valuable to customers and would help bolster perceptions of brands.



Leigh Hopwood,
CEO, CCMA

Foreword by CallMiner

Evolving behaviours, a rise in vulnerability, and the requirements outlined by the Financial Conduct Authority (FCA) Consumer Duty highlight a growing need for organisations to effectively engage with, communicate with, and deliver services to customers. The findings in this research reveal organisations must work harder to achieve this.

Customer expectations have heightened – and being able to offer omnichannel customer service has never been more important. Customers expect faster, more personalised communication, in first call resolution, relevant cross-sell or upsell offers, and more. However, organisations are still struggling to deliver, missing huge opportunities to proactively communicate and engage with their customer base. This includes identifying those at risk of becoming financially vulnerable and helping them before they slip through the net.

For organisations – regardless of sector – to not just survive but thrive in these challenging and unknown times, they must understand their customers better. It's critical for them to gain a

holistic view of their customers, including the customer journey. When organisations deeply understand their customer demands and identify common behaviours, they gain the insights needed to deliver better communications and services. Further, organisations can provide proactive information before the customer has even asked or attempted to make contact, and if customers do have to make contact, arm their agents with the knowledge to successfully deliver the appropriate resolution.

By doing more with less, rethinking the opportunity for proactive communications, and more, organisations can improve not only the perception of customer service, but increase loyalty, reduce churn, and deliver a higher quality customer experience overall.



Frank Sherlock,
General Manager, EMEA, CallMiner

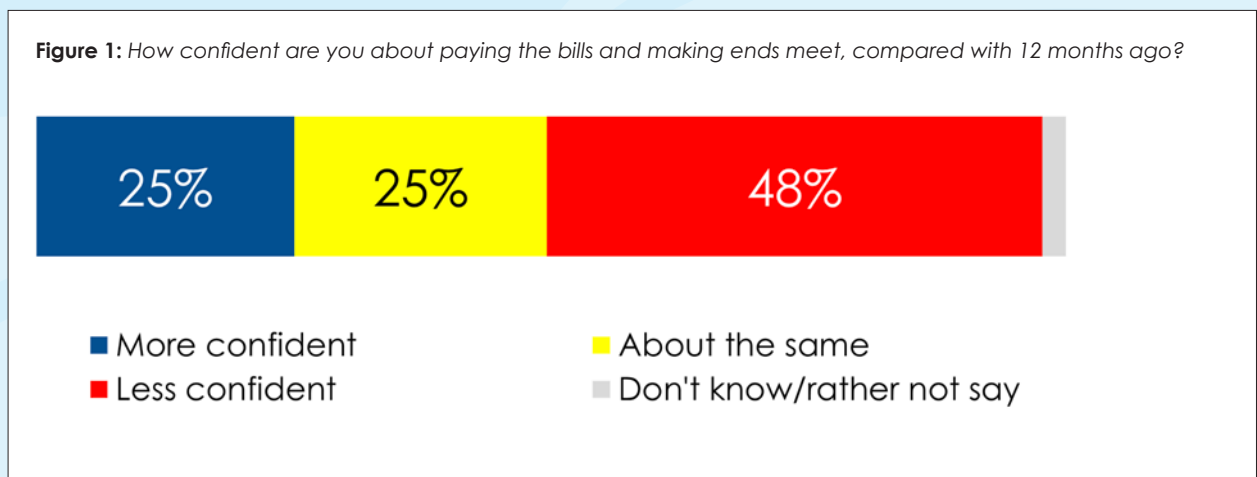
The impact of rising costs on customers

The UK is entering its third year of a cost-of-living crisis. The rate of consumer price inflation has been rising since mid-2021, while wages have not kept up.¹

The Bank of England has raised interest rates 12 times, and the base rate is now at its highest level since the financial crisis of 2008.

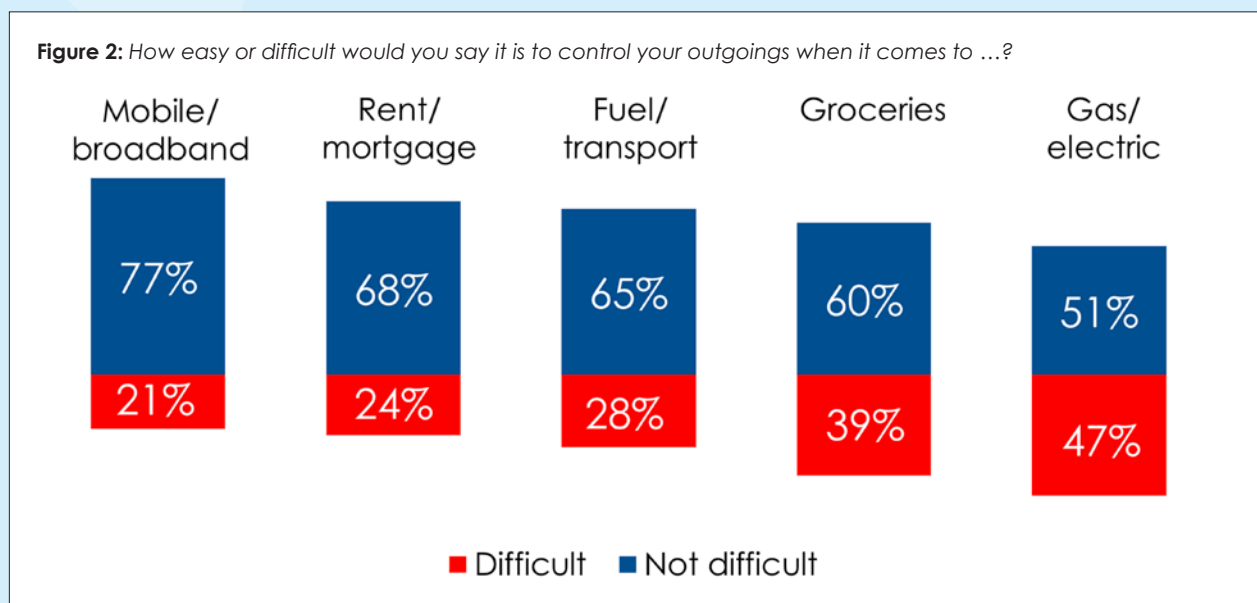
Almost one in every two people (48%) report declining confidence in their ability to pay the bills and make ends meet.

As Figure 1 shows, the impact on UK consumers has been profound.



As Figure 2 shows, it is especially challenging for consumers to control their grocery spend and energy bills. The Office for National Statistics

reported that prices of food and non-alcoholic drinks rose at the fastest rate in more than 45 years in the 12 months to March 2023.²



¹ <https://www.bbc.co.uk/news/business-12196322> ² <https://www.ons.gov.uk/economy/inflationandpriceindices/articles/costoflivinginsights>

Recent price increases have forced some consumers to seek help to be able to afford essentials.

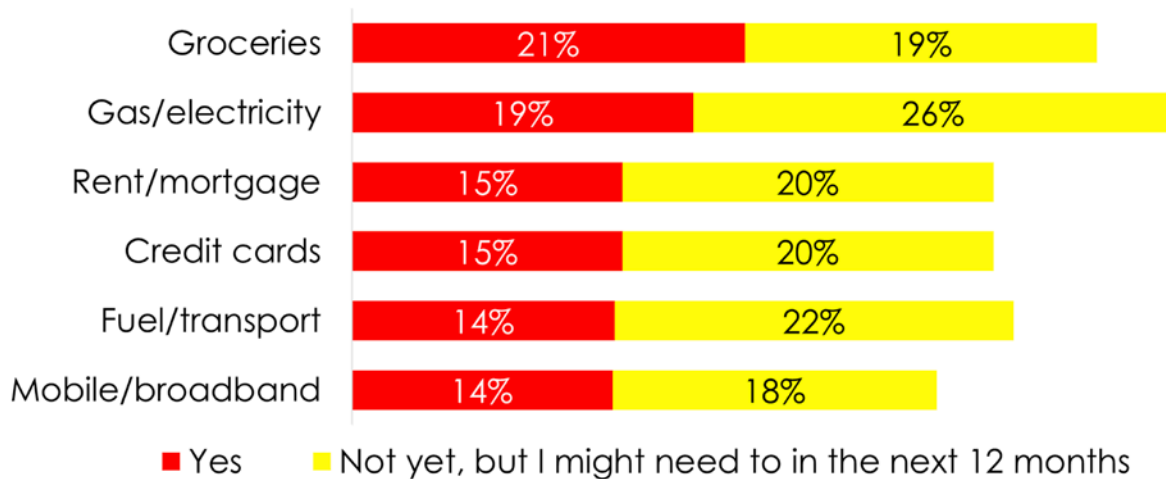
Figure 3 shows that one in five consumers have sought help to pay for groceries (21%) and almost as many have sought help to pay for energy (19%).

'Help' is defined as using credit cards, taking a loan, or getting financial support from employer, family or friends.

Furthermore, an additional one in four (26%) report that while they have not yet sought help to pay energy bills, they may need to in the coming year.

Almost half of those surveyed (45%) say they have needed or may need help to be able to pay for energy.

Figure 3: Have you sought extra help in order to be able to afford [...] in the past 12 months?

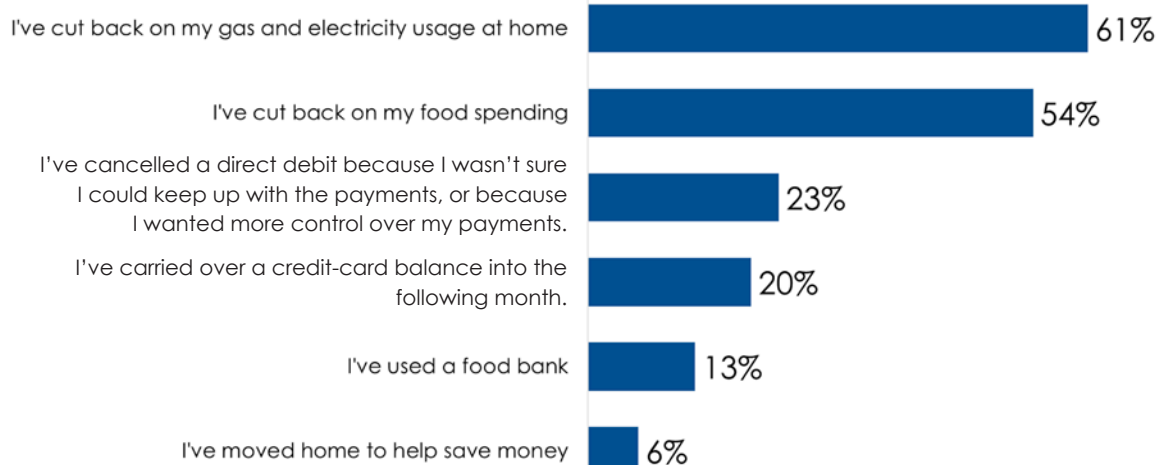


Base: n=750

Rising costs have caused many consumers to change their spending behaviours. As Figure 4 shows, 61% of those surveyed report having cut

back on energy usage and 54% have consciously spent less on food.

Figure 4: Which of the following things have you done in the past 12 months?



Base: n=750

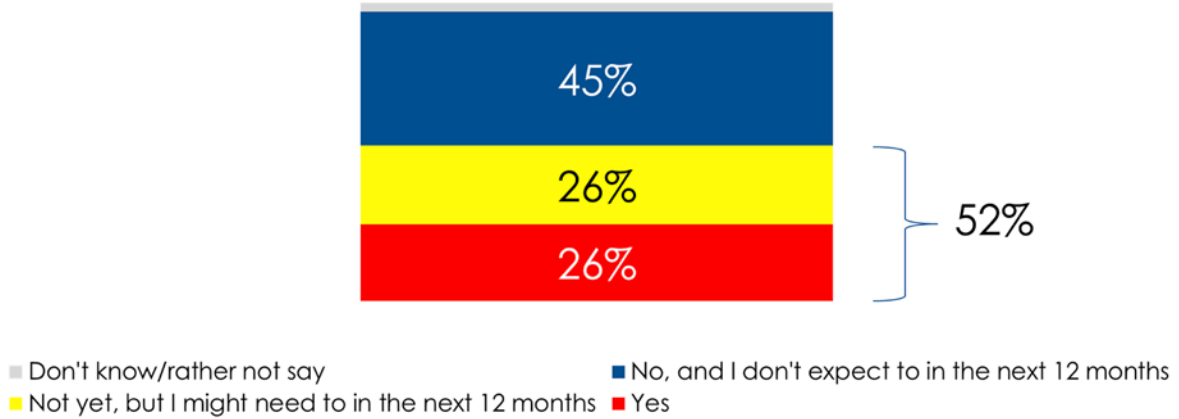
How rising cost of living impacts contact centres

Price increases are causing repercussions for contact centres as more customers turn to organisations for support in managing spend.

Figure 5 shows that more than half of those surveyed have had to delay paying a bill in the past year or expect to have to delay paying a bill in the coming 12 months.

More than half (52%) of those surveyed say they have had to delay a bill payment in the past 12 months.

Figure 5: Have you had to delay paying a bill of any kind either partially or wholly in the past 12 months?



Base: n=750

As Figure 6 illustrates, approximately one in four consumers in the survey report having contacted their energy provider in the past 12 months for help

regarding a payment, or to ask to information on how to save money.

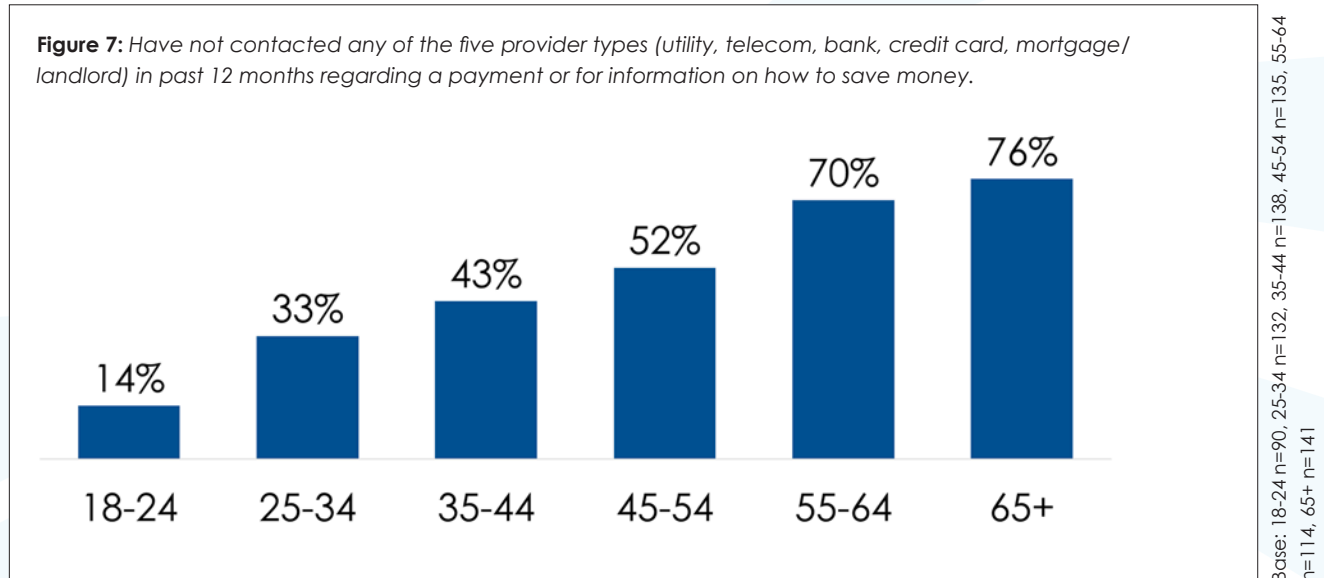
Figure 6: In the last 12 months have you contacted any of the following types of organisations with a question or request regarding a payment, or to ask for information on how to save money?



Base: n=750

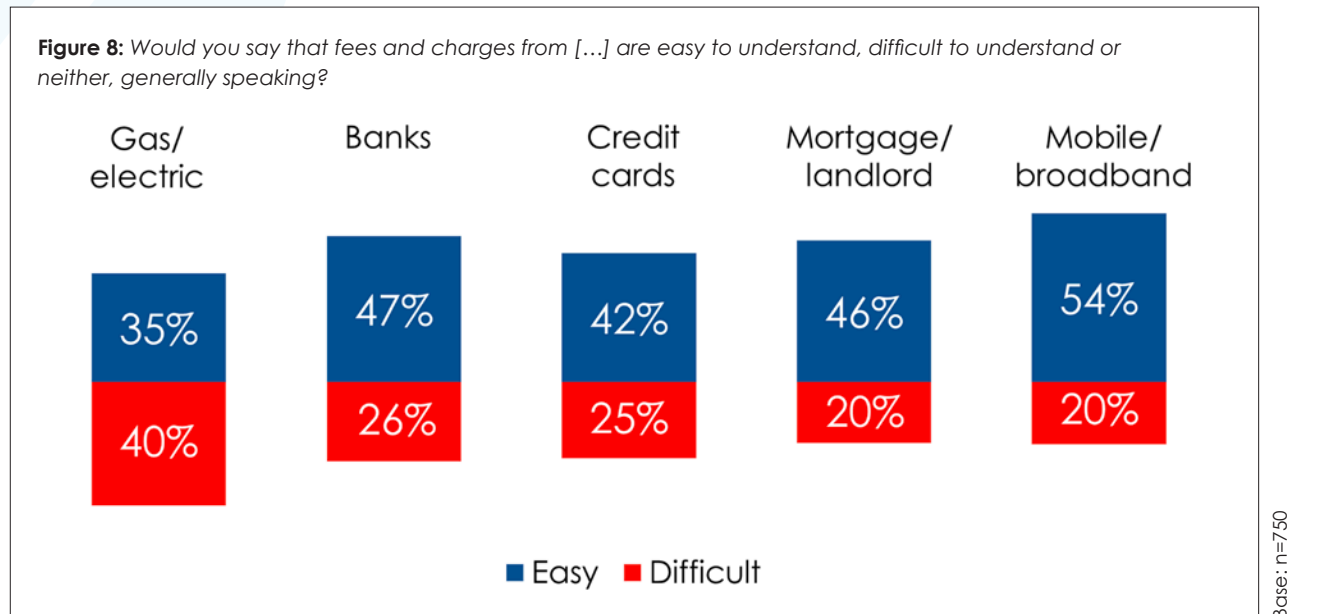
Younger people are much more likely to proactively make contact. As Figure 7 shows, only 14% of consumers aged 18-24 in the survey say they had not made contact in the past 12 months to ask for help in managing payments and/or

spend. The proportion of 'did not contact' rises with each age cohort: among people aged 65+, 76% of those surveyed report not having made contact with a provider for cost-of-living reasons.



Frequent changes in tariffs have forced customers to become more aware about expenditures.

Figure 8 shows that consumers are finding it especially challenging to understand energy tariffs.

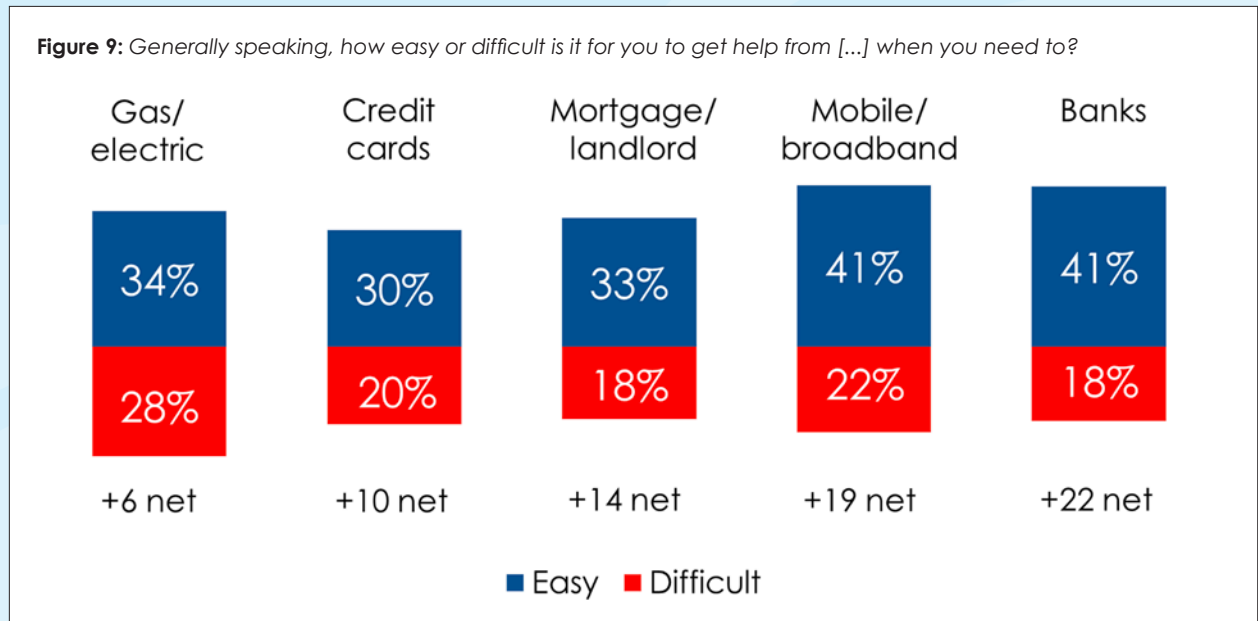


Do consumers think organisations are helping?

Are customers recognising organisations' efforts to support them during difficult economic times? Figure 9 shows that across all the sectors covered in this survey, consumer perception of ease of accessing support is 'net positive' – more consumers report it is 'easy' to obtain help than

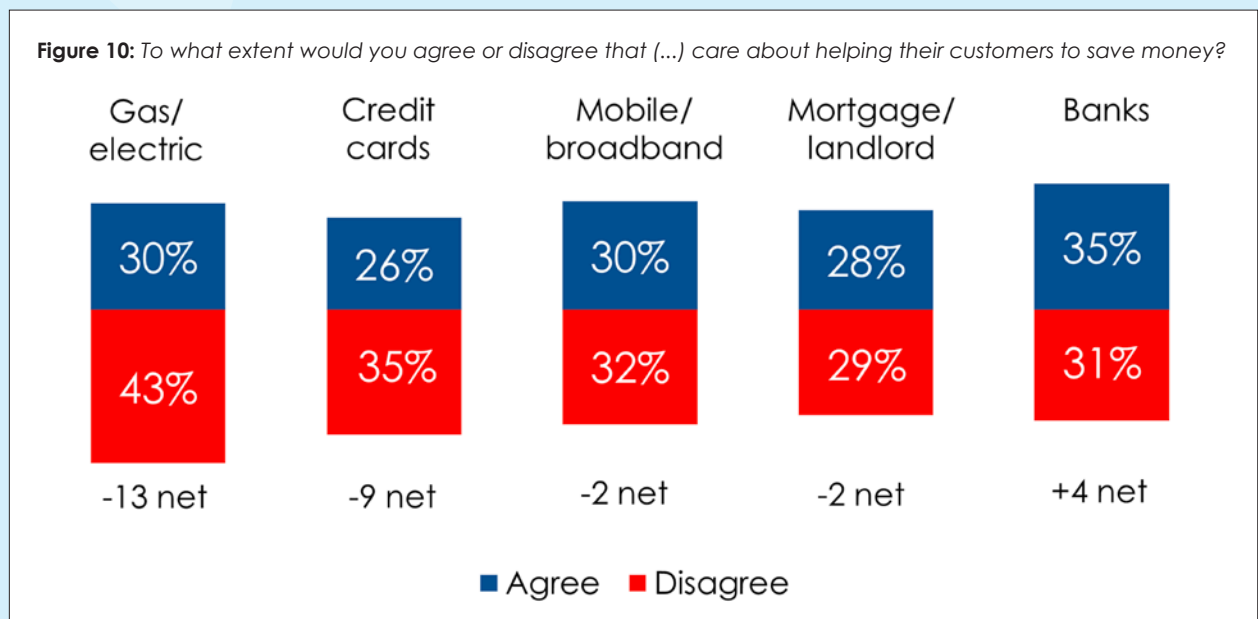
those who say it is 'difficult' to get help.

The extent of net positive differs by sector, ranging from +6 for utilities to +22 (easiest to get help) for banks.



Less positive results are observed in response to the question 'would you agree or disagree that [sector] cares about helping their customers to

save money?' Only banks receive a net positive score for this question (+4), while the score for utilities is -13 (43% disagree versus 30% agree).

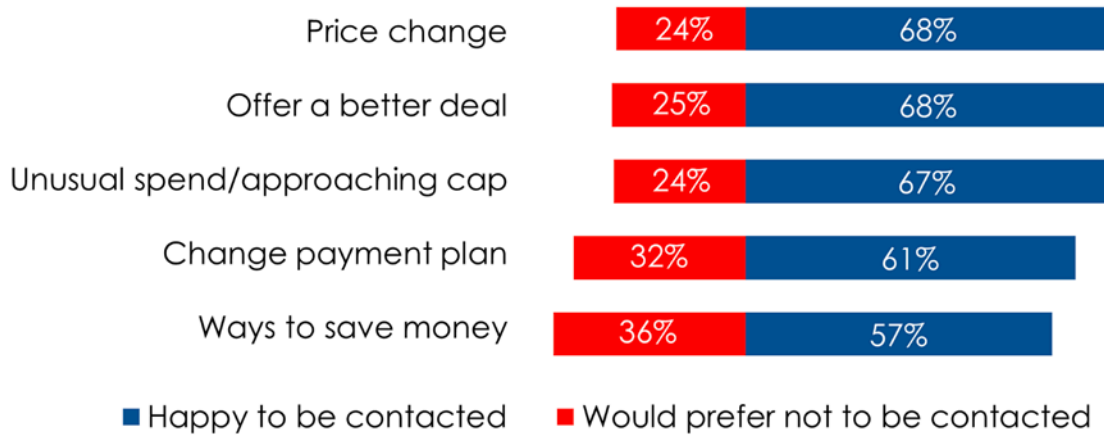


The value of being proactive

Most customers would welcome proactive contact from an organisation, if it could help them to save money or to be notified about approaching spending limits. As Figure 11 shows, two out of three

consumers are happy to be contacted about a price change, to be offered a better deal, or to alert unusual spend or approaching a spending cap.

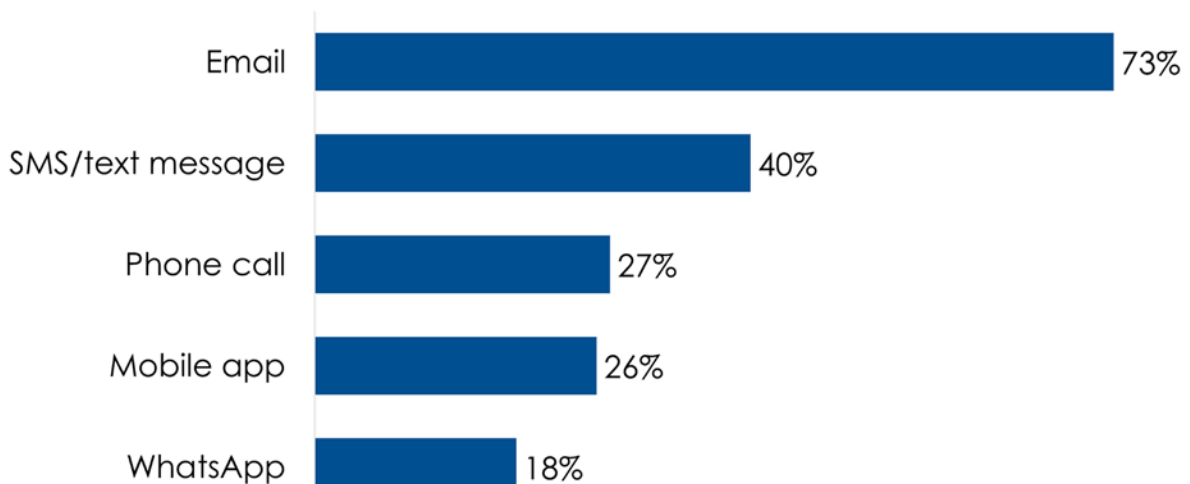
Figure 11: Generally speaking, would you be happy for a provider to proactively contact you to [...], or would you rather they didn't?



Base: n=750

Email is by far the most preferred channel for organisations to make proactive contact for the above reasons, as Figure 12 shows.

Figure 12: Which of the following methods would be acceptable for an organisation to contact you? Please select all that apply. [Mean score of five reasons to contact]



Base: n=750

Figure 13 shows that while email is most preferred for all contact reasons, it is slightly less preferred to notify high spend, whereas there is a stronger

preference for SMS for this reason. This reflects the time sensitivity of a spend notification, for which SMS is well suited.

Figure 13: Which of the following methods would be acceptable for an organisation to contact you for this reason? [Variance vs mean]

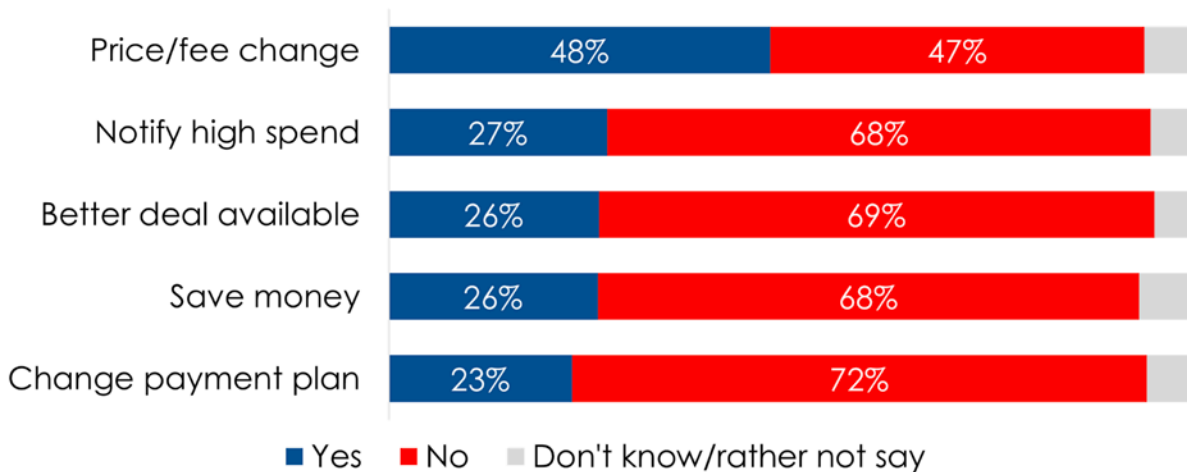
	Suggest ways to save money	Change payment plan	Changes in prices and fees	Offer a better deal	Notify high spend
WhatsApp	2%	-1%	-1%	-2%	1%
Mobile app	-1%	1%	-1%	1%	1%
Phone	-1%	1%	-2%	1%	1%
SMS	-2%	-3%	-2%	-2%	9%
Email	2%	-2%	3%	1%	-4%

Base: n=750

Figure 14 shows the proportion of customers that report having been proactively contacted for

each reason. The common reason for being contacted is to notify a price change.

Figure 14: In the last 12 months have you been proactively contacted by a provider to [...]?



Base: n=750

Overlaying 'happy to be contacted' with 'have been contacted' as shown in Figure 15 reveals a 'proactivity gap'. For each of the various reasons for contact, the proportion of consumers surveyed

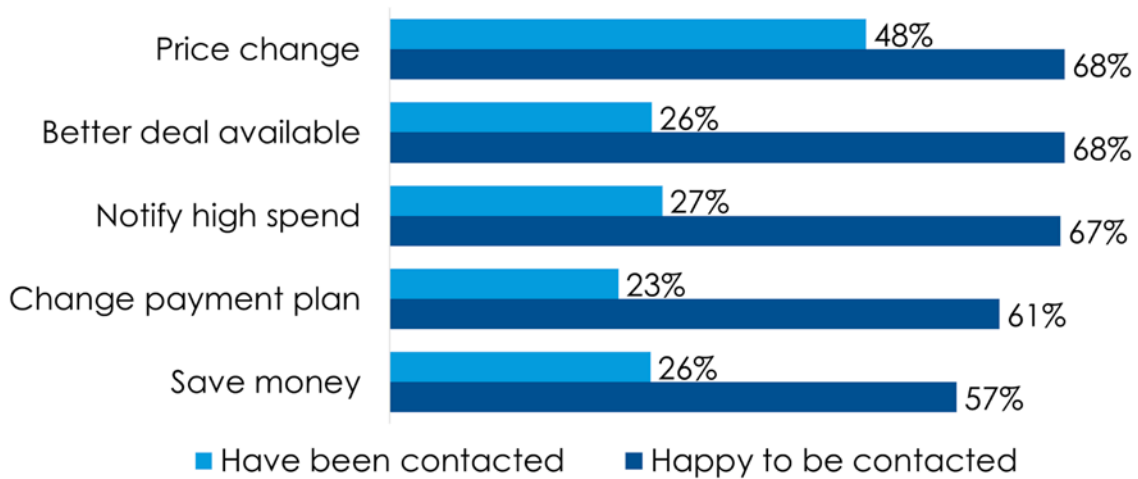
who report having been contacted is considerably lower than the proportion who say they would be happy to be contacted.

The emergence of a ‘proactivity gap’. Many more consumers would welcome being contacted by providers if it could help them save money, than have actually been contacted.

As discussed earlier in this report, customer perceptions of organisations ‘caring about helping them to save money’ are relatively weak.

Outbound contact to help customers manage their spend represents a clear opportunity for brands to improve in this area.

Figure 15: Generally speaking, would you be happy for a provider to proactively contact you to [...], or would you rather they didn't? VS In the last 12 months have you been proactively contacted by a provider to [...]?



Base: n=750

6 Learnings

Implications of the Rising Cost of Living on Customer Contact

- 1** The rising cost of living is affecting large swathes of the population. Almost one in every two consumers (48%) report declining confidence in their ability to pay the bills and make ends meet, while 61% of those surveyed report having cut back on energy usage and 54% have consciously spent less on food.
- 2** Rising costs drive contact demand. More than half (52%) of those surveyed say they have had to delay a bill payment in the past 12 months.
- 3** On the whole, consumers find it easy to access help from organisations, but are less likely to believe that they care about helping them to save money.
- 4** Most customers would welcome proactive contact from an organisation, if it could help them to save money or to notify them about approaching spending limits.
- 5** The proportion of consumers who report having been contacted is far lower than those would be happy to be contacted. There is an opportunity for organisations to close this 'proactivity gap' and in doing so, improve customer perception.
- 6** Email is by far the most preferred channel by consumers to receive proactive contact.

About the CCMA

For nearly 30 years, the CCMA (Call Centre Management Association), as the longest established contact centre industry body, has been dedicated to supporting contact centre leaders across the UK. Founded on the principles of sharing best practice and networking to improve skills and knowledge, the CCMA is a thriving community that represents leaders from a huge cross-section of the industry.

Membership of the largest community in the industry offers unique opportunities, such as free annual benchmarking of 20+ KPIs, free entry into the UK National Contact Centre Awards and free tickets to the UK National Contact Centre Conference, invites to Executive Networking Dinners and exclusive events for members-only. Members also benefit from discounted training through the UK National Contact Centre Academy, the industry's training partner.

To support the industry further, the CCMA conducts regular original research for download, including the annual Salary and Skills Guide and the Voice of the Contact Centre Consumer research, the Evolution of the Contact Centre tracking the industry's progress and Good Practice Guides on a variety of topics.

www.ccma.org.uk

About CallMiner

CallMiner is the global leader in conversation intelligence to drive business performance improvement. Powered by artificial intelligence and machine learning, CallMiner delivers the industry's most comprehensive platform to analyse omnichannel customer interactions at scale, allowing organisations to interpret sentiment and identify patterns to reveal deep understanding from every conversation. By connecting the dots between insights and action, CallMiner enables companies to identify areas of opportunity to drive business improvement, growth and transformational change more effectively than ever before. CallMiner is trusted by the world's leading organisations across retail, financial services, healthcare and insurance, travel and hospitality, and more. To learn more, visit CallMiner.com, read the CallMiner blog, or follow us on Twitter, LinkedIn and Facebook.

www.CallMiner.com

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