call centre management association

Implications of Changing Consumer Confidence on Customer Contact

May 2024

Supporting Partner

CallMiner

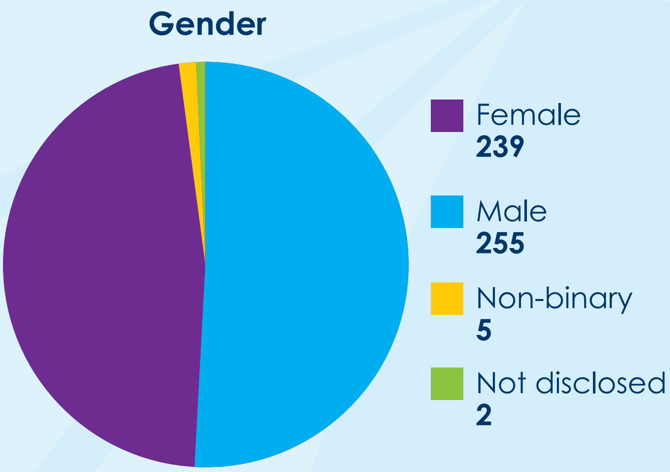
A CCMA Research Initiative

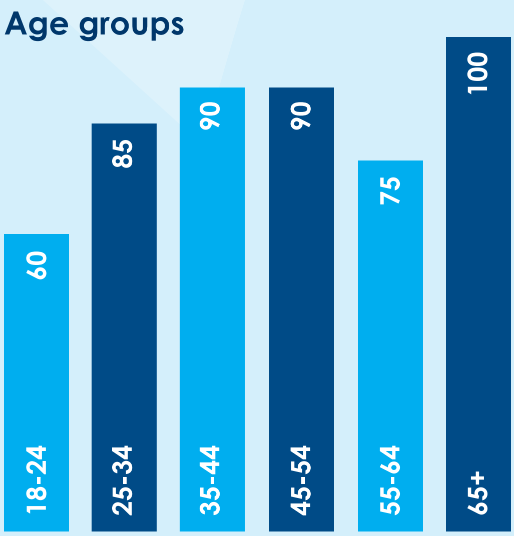
Changing customer expectations and behaviours

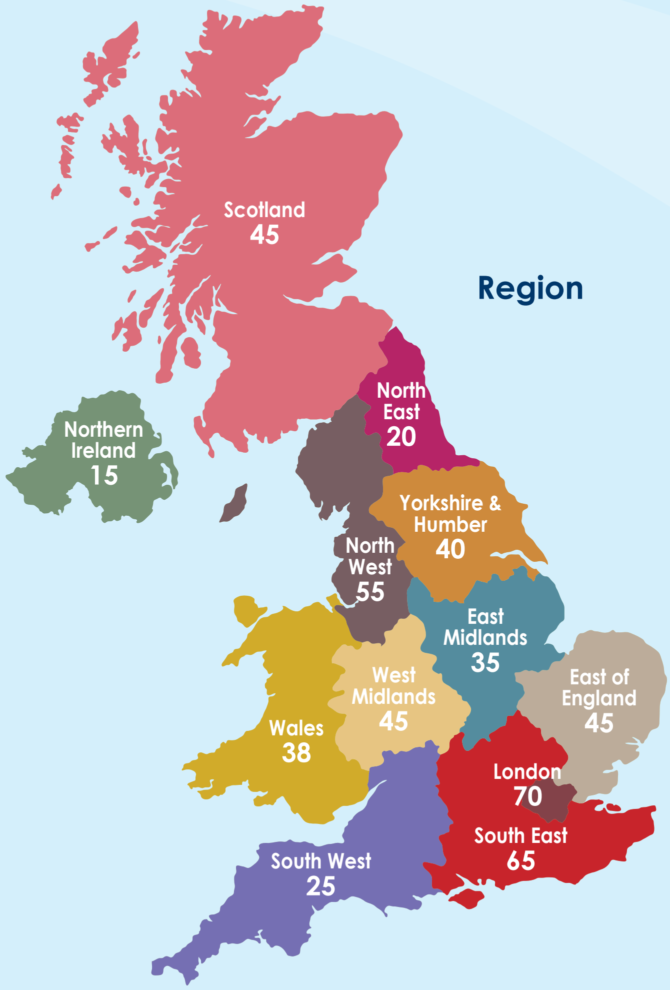
It's been a year since the CCMA commissioned the 'Implications of the Rising Cost of Living on Customer Contact' research, supported by CallMiner, to quantify the impact of inflation on customers and how this affected contact needs and behaviours. This is the follow-up to that study, examining how consumer confidence and expectations of customer contact have evolved during the intervening period.

Research methodology

This research comprised a quantitative survey with n=500 online interviews conducted with UK adults aged 18+ from 22-26 February, 2024. Quotas were set by age, gender and region to ensure a nationally representative sample. The composition of the sample was as follows:







Foreword by CCMA

This research reveals that consumer confidence has recovered in the past year across a number of measures. This is at least in part due to the fall in inflation from its peak, although inflation is still considerably higher than at any point from 2011 to 2021. Providers must take credit for their efforts to support customers during the past year, for example rolling out flexible payment plans and offering advice to help manage spend. Across all sectors, consumers are considerably more positive about the support offered by providers to help manage spending compared with 2023.

Another possible reason for the rebound in confidence is that consumers have adapted and continue to adapt to a new normal of higher inflation, geopolitical uncertainty and slow economic growth. The initial shock and stress have subsided to a certain extent, and many people have acquired knowledge and adjusted their spending and brand choices to cope. For example, this report shows that one in four people have switched or tried a new supermarket in the past year, and a similar proportion have switched or tried a new mobile or broadband service provider.

There can be no doubt that the era of the savvy, educated consumer is here to stay. Contact centres should be proud of the role they have played in this: supporting customers in need, using customer feedback to push for CX changes further upstream such as flexible payments and journey improvements. The cultural change underway in many operations away from minimising handle time toward prioritising FCR and customer satisfaction is also making a difference.

But we cannot be complacent. Consumer debt continues to rise[1]. With the economic outlook continuing to be challenging for the foreseeable future, organisations must redouble their efforts to help customers make good choices and build financial resilience.

Leigh Hopwood,
CEO, CCMA

Foreword by CallMiner

The past couple of years haven't been easy for consumers – with historically high inflation, a worsening cost-of-living crisis, an unpredictable economy, a difficult job market, and more. As we saw from the finding in this same report last year, many consumers were struggling to pay for basic needs, like housing, utilities and food.

This year's report suggests that, in order to stay afloat, we've entered into the age of the savvy consumer. While it's encouraging that the findings from the latest CCMA survey reveal some consumers are in a better position with their incoming financials, the results also indicate that many have taken steps to better manage their finances, including not being shy about switching providers to save money. With many figures indicating that consumer debt is still increasing, this financial diligence is critical.

It is clear that customer experience (CX) is more important than ever. Consumers are looking for more from the organisations they engage with – whether that's on price or quality of services – and brands must increase their focus on meeting those demands if they're going to retain existing customers and attract new ones.

One way organisations have been able to do this over the past year is through technology investments. It's not just consumers who have had to do more with less, organisations have too – and the rise of AI-powered solutions have helped facilitate this, while still allowing brands to prioritise the needs of customers.

But the CX journey doesn't end here. To maintain a competitive advantage, organisations must continue to listen to their customers to identify changing needs and expectations, as well as use those insights to drive improvements enterprise-wide. When organisations can truly understand why customer stay (or leave), they can more effectively take action and drive business results.

Frank Sherlock,
VP of International, CallMiner

[1] https://themoneycharity.org.uk/money-statistics/

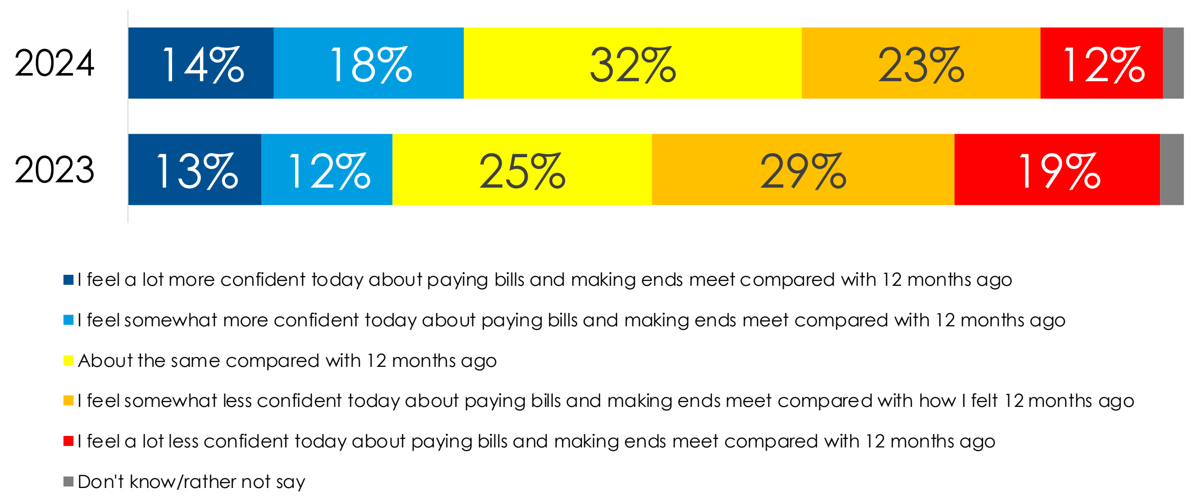
The impact of rising costs on customers

Since reaching a 40-year high in October 2022, inflation in the UK has steadily dropped, but in Q2 2024 is still higher than at any point observed during the decade from 2011-21.[2] The Bank of England interest rate, last raised in August 2023, is also higher than at any point since March 2008.[3]

Despite ongoing macroeconomic challenges, CCMA's research shows consumer confidence has rebounded since Q2 2023 as many consumers have managed to adjust to higher living costs. The proportion of those who feel more confident about their spending compared with a year prior has risen from 25% in 2023 to 32% in 2024. Nonetheless, in 2024, one in three (34%) of adults in the UK still feel (even) less confident that they did one year ago about their financial situation.

In 2024, 32% of UK adults say they are more confident about paying the bills than they did the previous year, up from 25% in 2023. The percentage who say they are less confident compared with a year prior is 34%, down from 48% in 2023.

Figure 1: *How confident are you about paying the bills and making ends meet, compared with 12 months ago?*



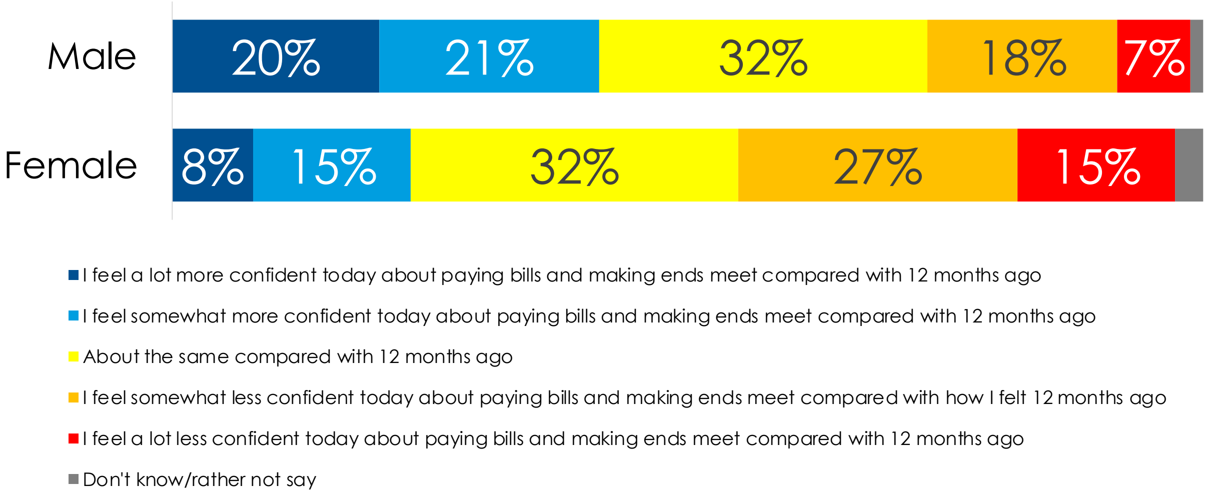
Base: n=500

Figure 2 illustrates a confidence disparity between genders, with men significantly more likely than women to report growing confidence. 41% of men say they are more confident than they were a year ago about their financial situation, versus just 23% of women.

[1] https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation

[2] https://www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp

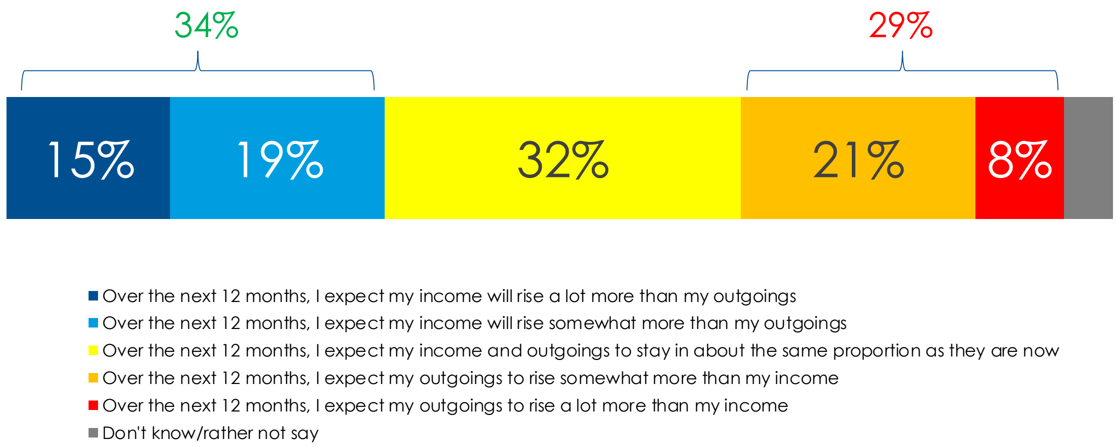
Figure 2: *How confident are you about paying the bills and making ends meet, compared with 12 months ago? (By gender)*



Base: male n=239, female n=255

When asked whether they believed that in the coming year their income would rise faster than outgoings or vice versa, the UK population can be divided into three groups of approximately equal size: those who think their income will rise faster than outgoings (34%), those who think the opposite (29%), and those who think increases in income and outgoings will be roughly matched (32%), as shown in Figure 3.

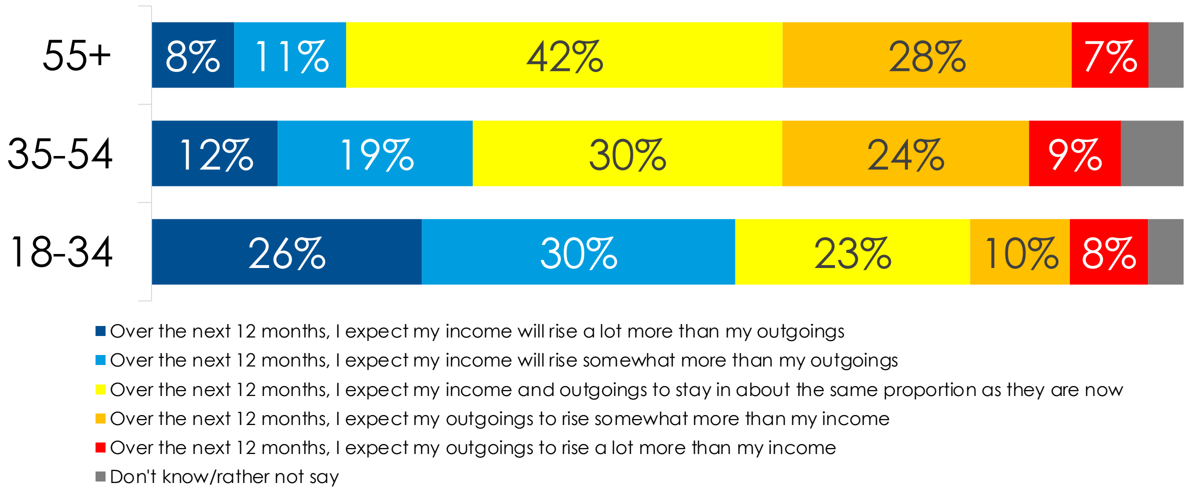
Figure 3: *Which of the following statements best describes you?*



Base: n=500

Figure 4 shows stark differences between age cohorts when it comes to the relationship between income and expenditure, with younger people notably more optimistic on the whole. The proportion of those aged 18-34 who expect their income to rise faster than spending (57%) is three times that of people aged 55+ (19%).

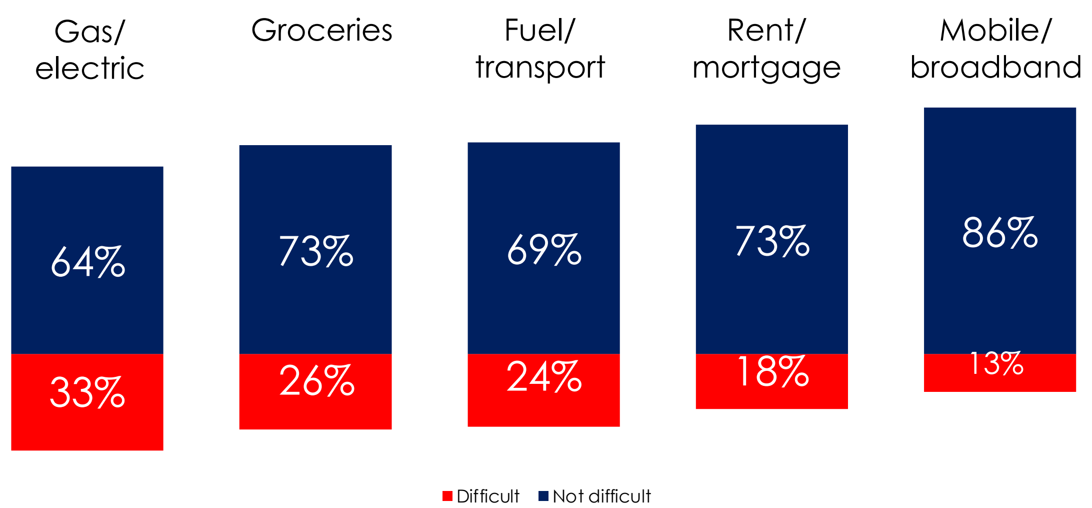
Figure 4: *Which of the following statements best describes you? (By age)*



Base: 18-34 n=140, 35-54 n=180, 55+ n=175

As shown in Figure 5, energy and groceries are the regular expenditures that people find most difficult to manage.

Figure 5: *How easy or difficult would you say it is to control your outgoings when it comes to …?*



Base: n=500 (figures exclude 'don't know' responses)

Compared with 2023, the proportion of consumers reporting difficulty managing their regular expenditures has diminished across all five categories, as shown in Figure 6.

Figure 6: *How easy or difficult would you say it is to control your outgoings when it comes to …? (2024 vs 2023)*

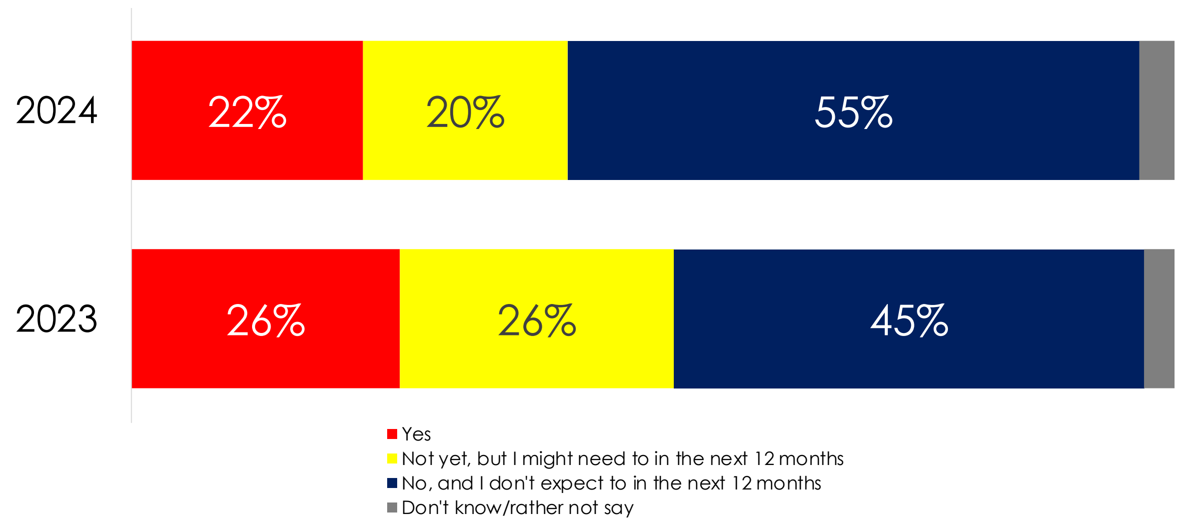
	Difficult 2024	Difficult 2023
Gas/electricity	33%	47%
Groceries	26%	39%
Fuel/transport	24%	28%
Rent/mortgage	18%	24%
Mobile/broadband	13%	21%

Base: 500

The proportion of people who report finding it difficult to manage outgoings has reduced across all categories in 2024, although in absolute terms remains high. Energy and groceries continue to be the regular expenditures that consumers find most difficult to manage.

Figure 7 shows that the proportion of consumers who have had to delay a bill payment in the prior 12 months has dropped from 26% in 2023 to 22% in 2024. As delaying a payment is a major driver of customer contact this is an encouraging sign not only of rising consumer confidence but also of reduced demand for this contact reason, albeit in absolute terms 42% is still very high.

Figure 7: *Have you had to delay paying a bill of any kind either partially or wholly in the past 12 months?*



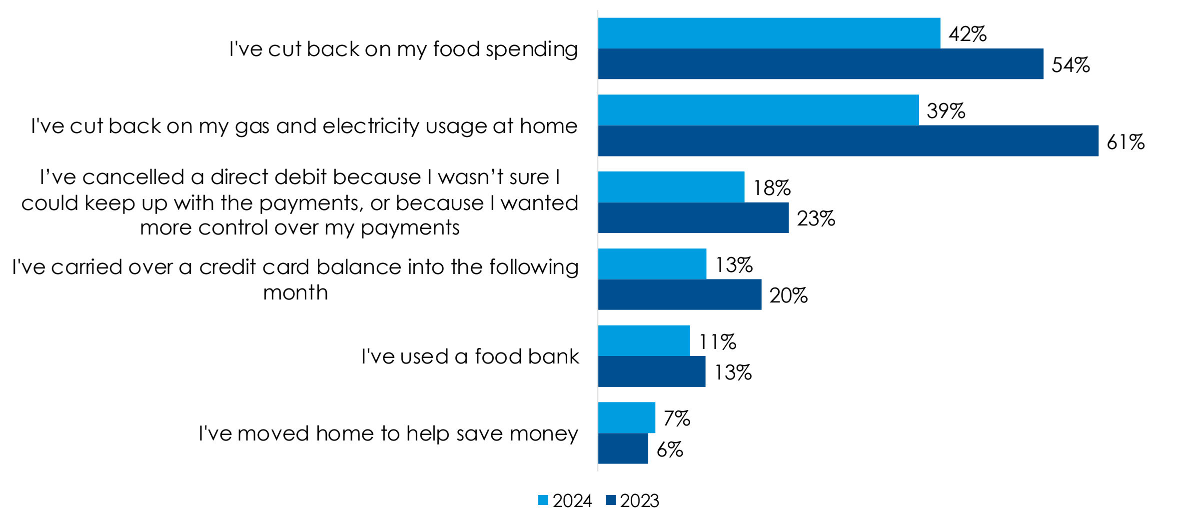
Base: 500

Another sign that confidence is on the rebound following the shocks of 2022-23 is the reduced numbers of people who have had to take 'extraordinary' measures to make ends meet. Figure 8 shows the change across a variety of measures compared with 2023, with the biggest being the smaller proportion of consumers reporting lowering their energy usage to save money (39%), compared with 61% in 2023.

It should be noted that 39% is still a very sizeable proportion of the population, as is the 42% who report they have cut down on their food spending.

Food has now overtaken energy as the area where the largest numbers of consumers have had to cut back spending. In 2024 42% reported cutting back on food spending in the past year, compared with 39% who cut back on energy usage.

Figure 8: *Which of the following things have you done in the past 12 months?*

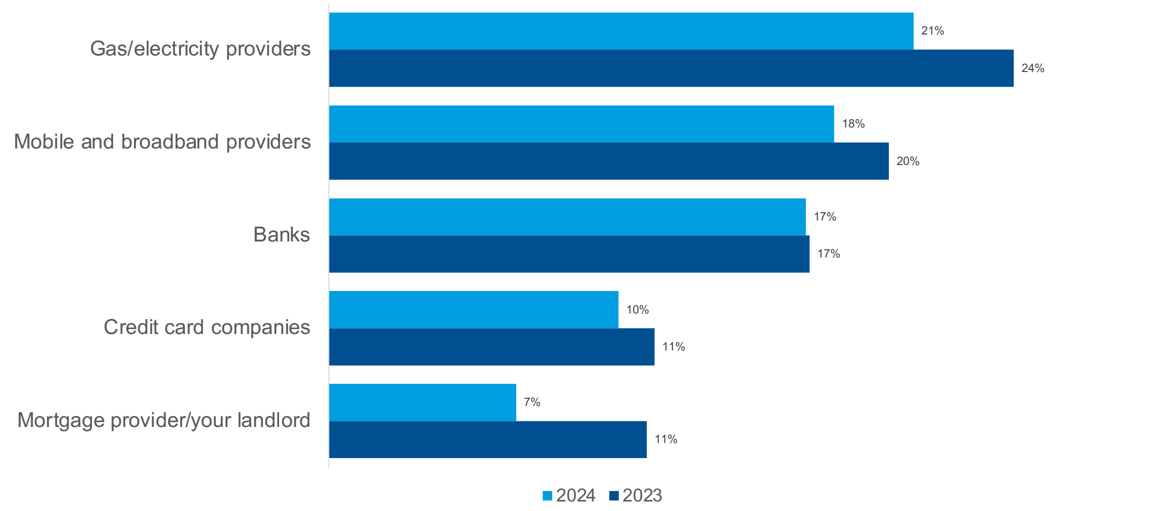


Base:n=500 (2024), n=750 (2023)

Implications for contact demand

As consumer confidence recovers, the proportion of people who have contacted providers with a payment query or for financial-related support has slightly declined. As in 2023, energy companies are the most commonly contacted, as shown in Figure 9.

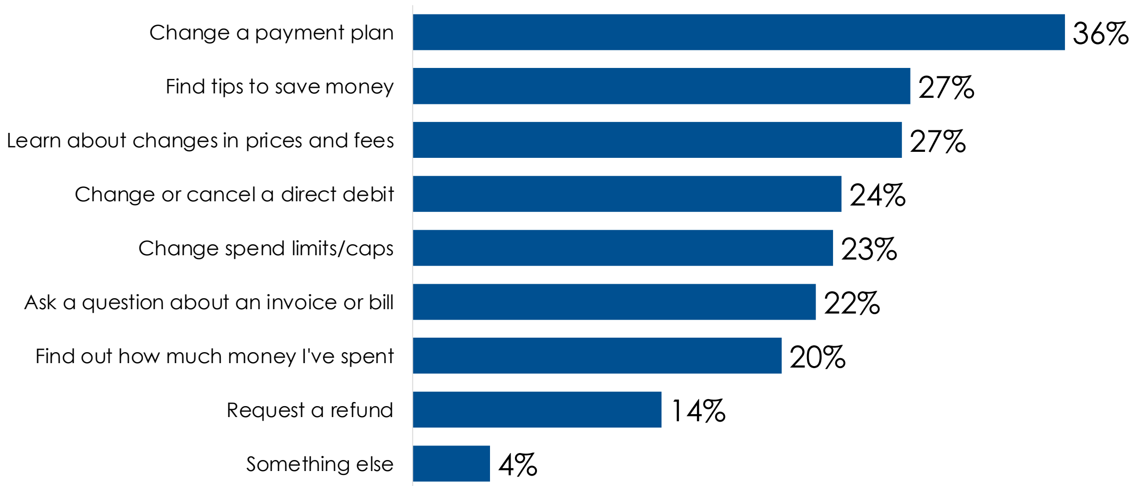
Figure 9: *In the last 12 months have you contacted any of the following types of organisations with a question or request regarding a payment, or to ask for information on how to save money?*



Base:n=500 (2024), n=750 (2023)

Among those who have contacted organisations for help related to bills, payments or cost of living, the most common reason for contact is to request a change in payment plan, as shown in Figure 10.

Figure 10: *What type of help have you sought?*



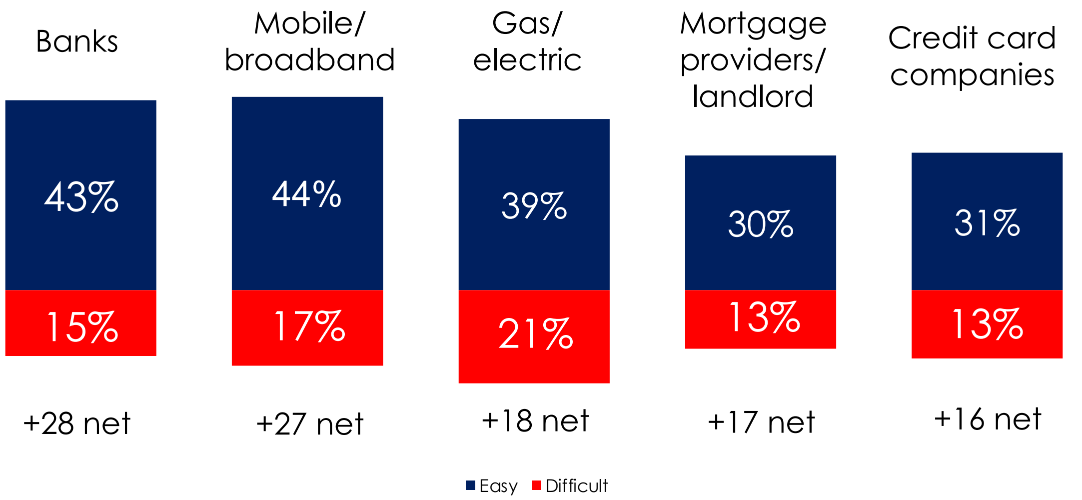
Base: n=212 (contacted an organisation for help relating to payments or cost of living).

Do consumers think organisations are helping?

The past year has seen considerable efforts from providers to offer flexible payment plans and communicate tariffs more clearly and simply, as well as from consumers to educate themselves about what they are paying for and how much they are paying.

As in 2023 energy tariffs are still considered to be 'difficult to understand' by more people (21%), compared with other sectors. However, across all five sectors the proportion who consider fees and charges 'easy to understand' is substantially greater than those who find them 'difficult to understand'.

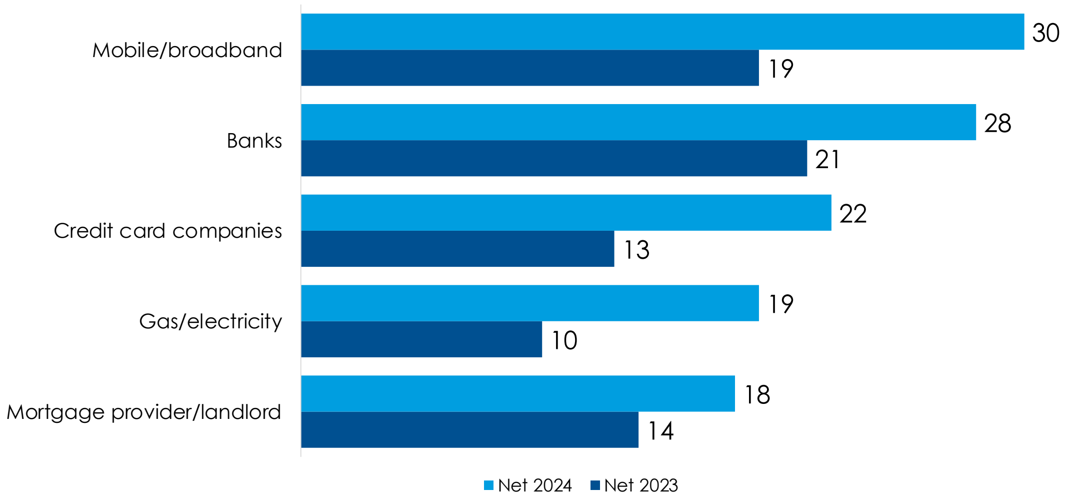
Figure 11: *Would you say that fees and charges from […] are easy to understand, difficult to understand or neither, generally speaking?*



Base: n=500

Figure 12 shows the uplift from 2023 to 2024 in consumers' ratings of ease of understanding fees and charges. A particularly strong uplift is seen for energy companies, going from net +6 in 2023 to net +18 in 2024.

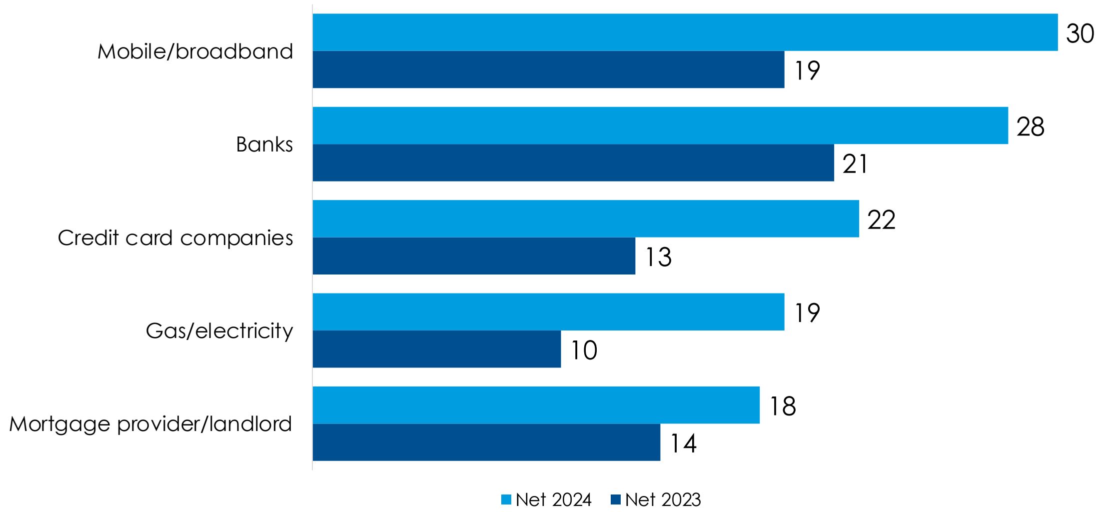
Figure 12: *Would you say that fees and charges from […] are easy to understand, difficult to understand or neither, generally speaking? [2024 vs 2023 net scores]*



Base:n=500 (2024), n=750 (2023)

One of the most striking findings from this year's research is that consumers in 2024 are considerably more positive than they were in 2023 about the support offered from providers to help with managing expenditures. Figure 13 shows the change with a particularly noticeable uplift for telecom providers and credit card companies. This is a testament to the efforts made by organisations and contact centres over the past 12 months, as well as more positive consumer sentiment overall.

Figure 13: *How would you rate the support offered from (...) to help you manage your spending with them, generally speaking? (2024 vs 2023 net scores)*



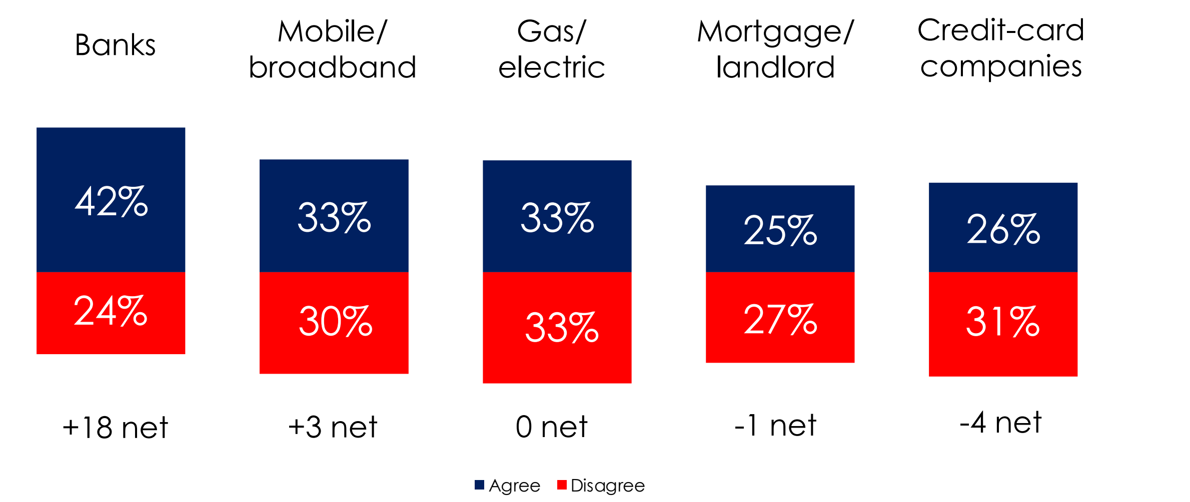
Base:n=500 (2024), n=750 (2023)

Across all sectors consumers are considerably more positive about the support offered by providers to help manage spending compared with 2023, with mobile/broadband providers and banks receiving the strongest ratings (+30 net positive and +28 net positive respectively).

When asked 'would you agree or disagree that [sector] cares about helping their customers to save money?' consumers are more positive than they were in 2023.

Albeit for mortgage providers/landlords and credit-card firms, more people still vote 'disagree than vote 'agree', as shown in Figure 14.

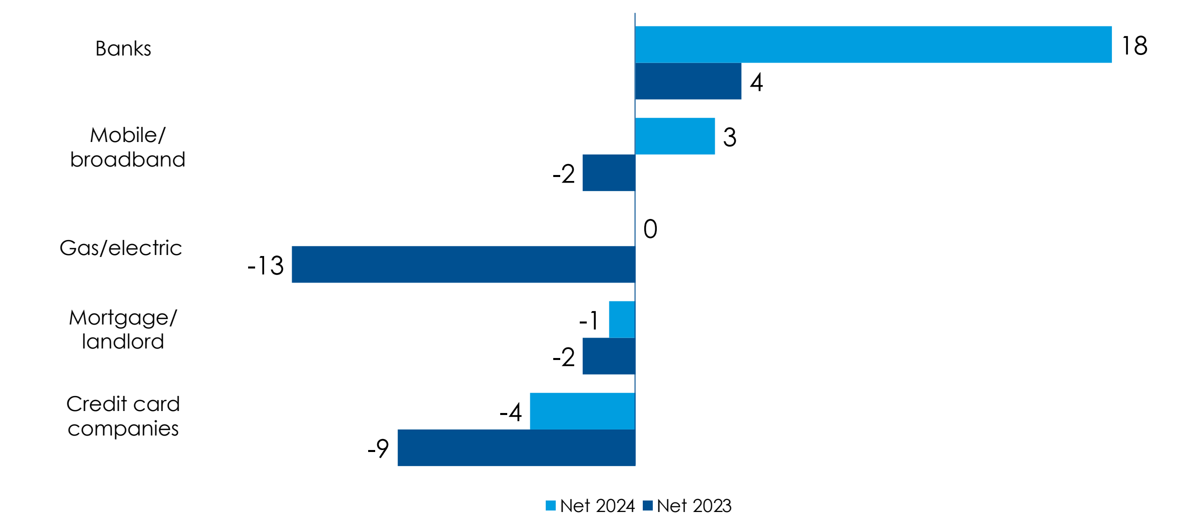
Figure 14: *To what extent would you agree or disagree that (...) care about helping their customers to save money?*



Base: n=500

The growth in positive sentiment since 2023 is shown in Figure 15. With the exception of mortgage providers/landlords, sizeable uplifts are observed with the greatest uplifts seen for banks and for energy providers.

Figure 15: *To what extent would you agree or disagree that (...) care about helping their customers to save money? [2024 vs 2023 net scores]*



Base:n=500 (2024), n=750 (2023)

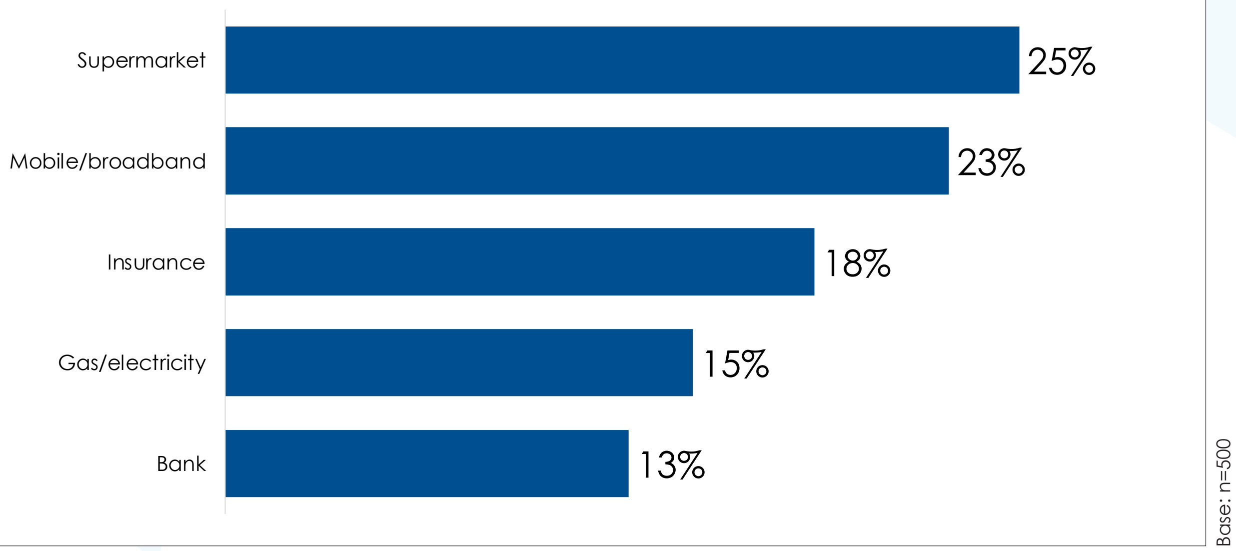
How consumers are adjusting to rising costs

The increase in consumer confidence from 2023 to 2024 may be in part due to the fall in inflation, although inflation is still much higher that it was prior to Q3 2022. This research offers evidence to suggest that consumers are also adapting to the new reality of higher inflation, continued economic uncertainty, and a difficult job market.

Figure 16 shows that one in four consumers (25%) say they have switched or tried a new supermarket in the prior 12 months to save money, and almost the same number have switched or tried a different mobile or broadband provider. 18% of consumers say they have switched or tried a new insurance provider as well.

One in four consumers (25%) say they have switched or tried a new supermarket in order to save money.

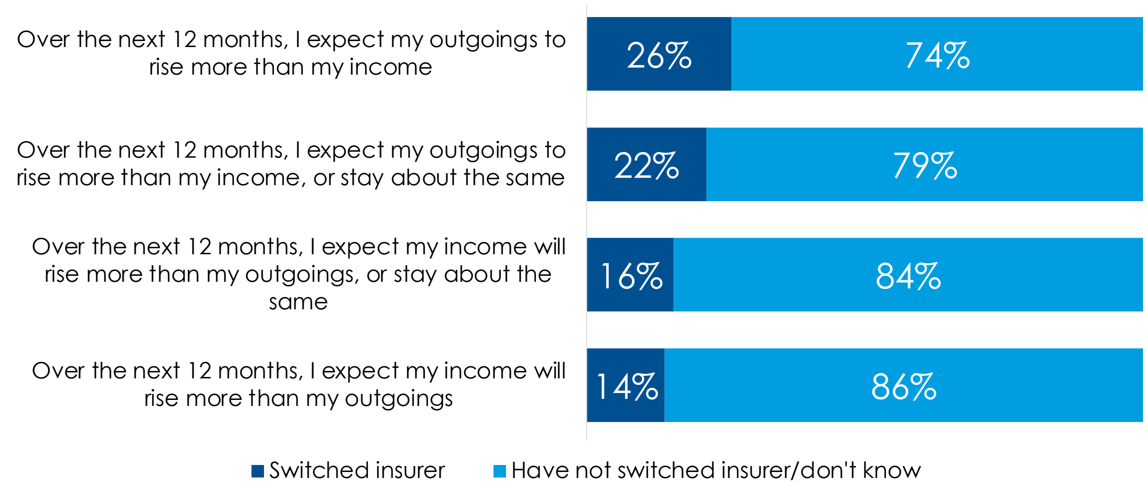
Figure 16: *Within the last 12 months, have you switched brands or providers or tried a new provider in order to save money?*



As premiums for car and home insurance have soared in the past year [4], consumers are motivated to search for better deals. As Figure 17 shows, people who are especially feeling the pinch with their outgoings rising faster than income are particularly likely to have switched insurance provider.

[4] https://www.economicsobservatory.com/why-have-insurance-premiums-gone-up-so-much

Figure 17: *Within the last 12 months, have you switched or tried a new insurance provider in order to save money? (By income vs outgoings)*



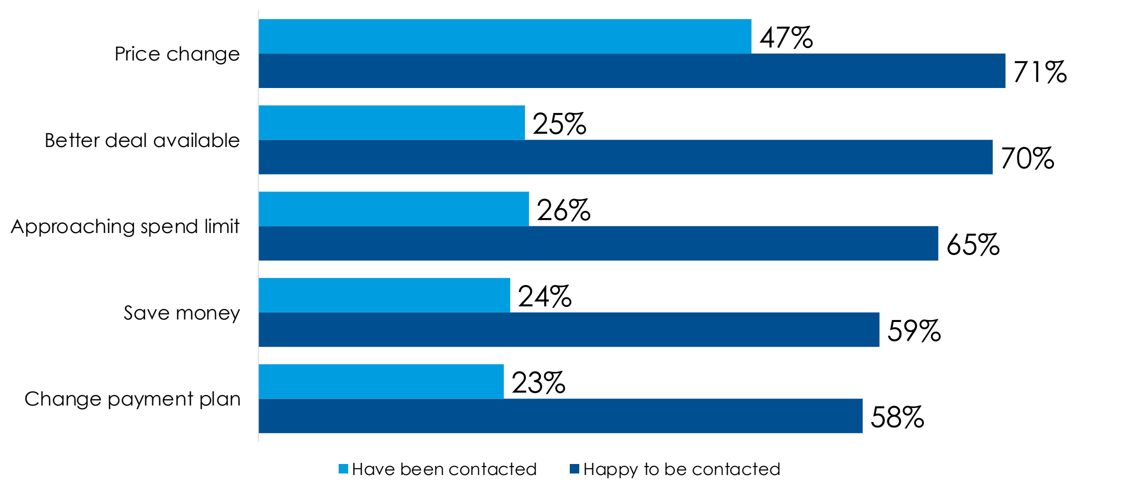
Base: n=146 (outgoings rise more than income), n=307 (outgoings rise or stay same), n=332 (income rise or same), n-171 (income rise more than outgoings).

The proactivity gap, revisited

CCMA's 2023 report 'Implications of the Rising Cost of Living on Customer Contact' identified the 'proactivity gap'. Many more consumers would welcome being contacted by providers if it could help them save money, than have actually been contacted.

In 2024 the gap still exists. The proportion of people who have been contacted proactively has barely changed in the past year, with the most common reason for providers to get in touch being to notify an upcoming change in pricing, according to our findings.

Figure 18: *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=500

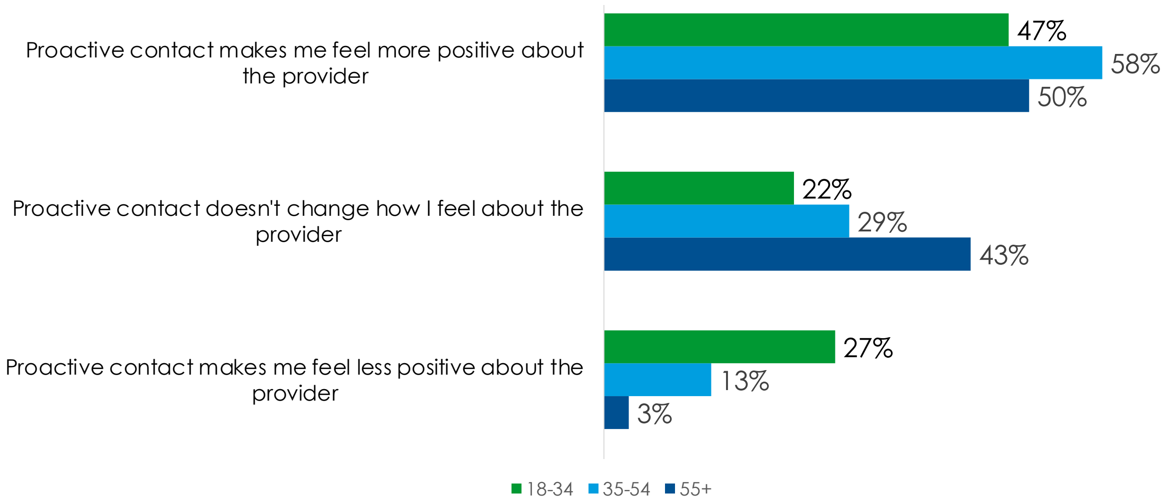
When proactive and positive contact is targeted and relevant, it offers the potential to strengthen consumer sentiment. Figure 19 shows that 52% of those surveyed claim that proactive contact could make them feel more positive about a provider.

Figure 19: *Generally speaking, when a provider proactively contacts you, does it change your perception of them?*

Base: 500

However, among younger people there is a greater risk of proactive contact being undesirable or intrusive. Figure 20 shows that while only 3% of people aged 55+ claim that proactive contact makes them feel less positive about a provider, this rises to one in four (27%) among those aged 18-34.

Figure 20: *Generally speaking, when a provider proactively contacts you, does it change your perception of them? (By age)*



Base: 18-34 n=140, 35-54 n=180, 55+ n=175

Five considerations from the impact of changing consumer confidence on customer contact

1. Consumer confidence has improved since 2023 across a number of measures, which is attributed to providers' efforts to support customers with their spending, as well as growing consumer awareness and resultant changes to behaviours such as switching to cheaper providers.

2. Changing a payment plan is the leading reason to contact a provider when looking for financial support. It is therefore essential that providers offer robust customer journeys for this purpose, both self-serve and assisted.

3. Many consumers are educating themselves to how to find value, and changing their spending patterns and provider choices. Value-based brand messaging is especially effective right now, and contact centres should train advisors to be able to communicate value to aid customer acquisition and retention, especially if they are in revenue-generating roles.

4. There continues to be a 'proactivity gap'. Overall, many more consumers would welcome being contacted by providers if it could help them save money, than have actually been contacted.

5. However, when considering the proactivity gap, providers should be mindful of the potential risk of alienating some younger people who perceive proactive contact as unwanted intrusion. There is the opportunity to more effectively personalise outreach based on individual or demographic preferences.

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.

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