

Conversational Commerce Paper: IVRs Take On New Tasks

According to several recent research studies, people will go to great lengths to avoid interactive voice response (IVR) systems. Yet progressive, customer-pleasing companies like Hyatt Hotels are putting conversational IVR systems into place to the benefit of both their guests and their contact center agents. Therefore, in an age when some have said "The IVR is Dead," we see "Conversational IVR" playing the role of Virtual Assistant in the enterprise, fostering a better customer experience and higher morale among customer service representatives.

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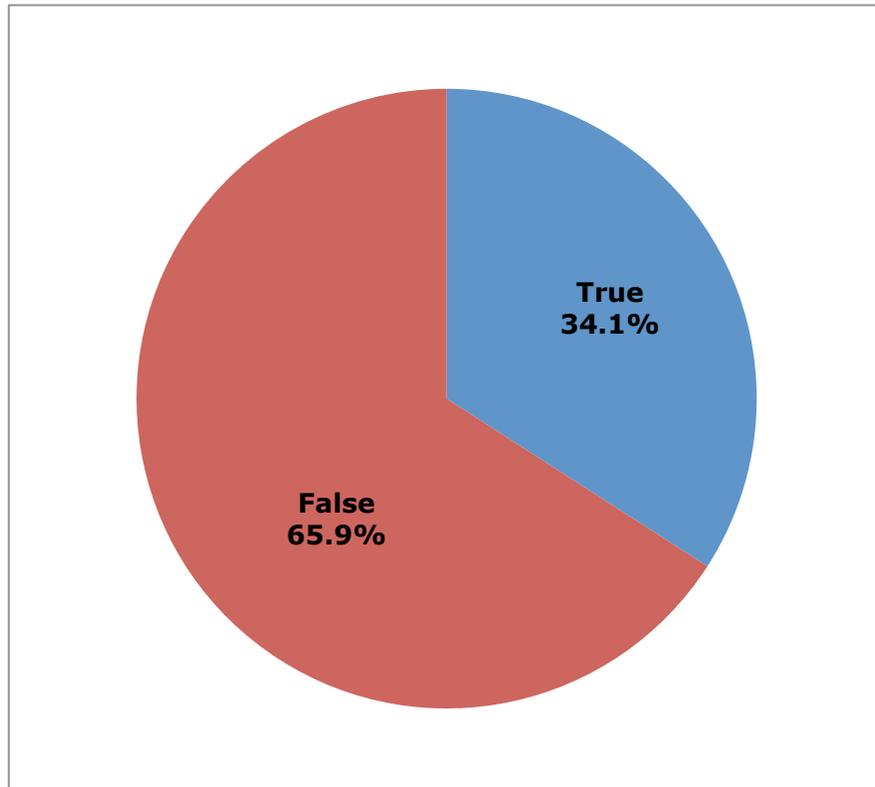
The Verdict is in on IVRs

The Customer has spoken! ... and texted, tweeted, clicked and chatted. Yet when asked directly how they prefer to interact with their selected airlines, retailers, and services providers, the vast majority emphatically recite or repeat a single word: REPRESENTATIVE.

This empirical observation was confirmed in a study conducted last May by NYU Assistant Professor, Liel Leibovitz, in partnership with Interactions Corporation. To nobody’s surprise, only one-third of respondents (out of a sample of over 400 individuals in the United States) indicated a preference for using an automated self-service system, meaning an interactive voice response (IVR) system, rather than reaching a customer service rep.

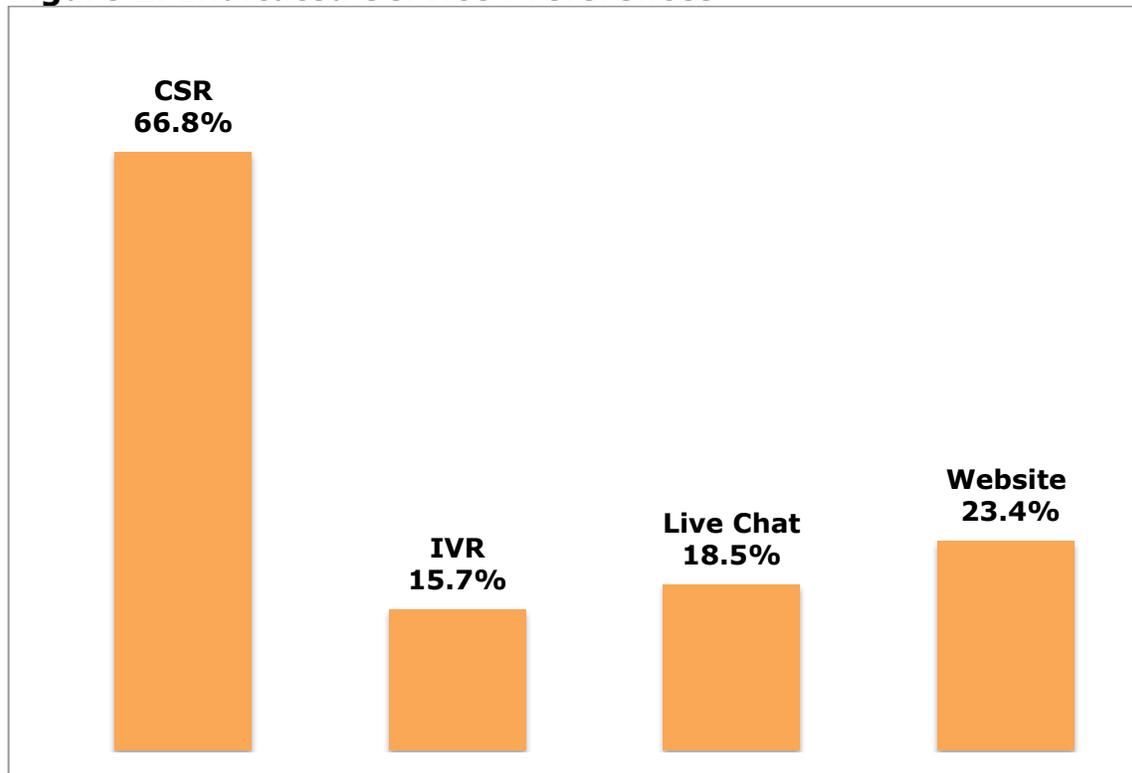
Figure 1: Top Line Survey Results

"In general, I prefer using an automated self-service system as opposed to having a customer service representative help me."



Source: Interactions/NYU Online Survey (2011)

The “two-thirds” rule remained intact in subsequent questions in the survey. When asked to select the service methods they would rather use if given the choice, allowing them to choose more than one, respondents gave the answers depicted in Figure 2 (on the following page.)

Figure 2: Indicated Service Preferences

Source: Interactions/NYU Online Survey (2011)

While reaching a Customer Service Representative (CSR) was by far the strongest preference, visiting the company Web site placed second (appealing to roughly one-fourth of respondents), followed by about one-fifth preferring to chat via the internet. The lowly IVR is the indicated preference among only 15.7% of respondents.

It's all About Customer Control

Shoppers, of necessity, are becoming very sophisticated when it comes to using self-service channels to carry out banking, make purchases or choose video entertainment. They are just as sophisticated when it comes to choosing how and when they want to use their mobile phones for self-service while shopping or seeking customer support. What they seek is "control," which means:

- Use most convenient channel
- Initiate the conversations
- Engage the resources they want
- Can initiate any time of day or night
- Whatever takes the least effort

It is the last bullet point, “Whatever takes the least effort,” that is most provocative in the context of conversational commerce. While companies are counseled to cede control to their customers, they must also recognize that those customers are happiest when they have to expend the least effort. That’s why traditional IVR systems foment such high levels of frustration. They actually require callers to do extra work to accomplish their goals. Even spending time on hold feels like a chore.

Understanding Unstated Goals

When it comes to service, customers are results-oriented. They have specific objectives and a set of tasks in mind when they initiate calls to their selected vendors. Customer dissatisfaction with IVR systems is largely the result of a mismatch between customer needs and expectations and the ability of a company’s customer care resources to meet those needs efficiently and consistently at high volumes. What the customer requires often does not map directly to the rigid set of menu options offered by a traditional IVR.

Customers can’t always articulate the exact purpose of their call. A certain amount of interpretation is needed to ascertain and arrive at their true intent. It is common practice (over 90% of the time for large companies in certain verticals) for inbound calls to be handled initially by an IVR. The most advanced of these systems are designed to identify the caller, ascertain the purpose of the call, and ensure that the call is routed to the proper person or resource within the company or to an outsourcer.

As one respondent to a direct question in the NYU/Interactions Survey explained,

“When I have a question about something that requires customer service, you know, sometimes it ends up being a few questions. A computer can’t help me when that happens. Only a live person can.”

In the vast majority of calls, customers are presented with a menu of options from which to choose. Sophisticated systems may tell them how long they can expect to wait before talking to an agent and give them the option to arrange a call-back or simply hang-up and call back at another time. The ideal solution, as we discuss later in this document, is a combination of sophisticated speech recognition, coupled with natural language understanding (NLU) and a certain amount of human intervention.

Callers want to reach a live CSR because they believe strongly that it takes a conversation with a live agent to discover their true intent and then to solve or resolve the purpose of the call.

Dire Implications in the Age of Social Networks

Customer dissatisfaction with IVR-based customer care is palpable, and has been fomenting for several years. It gave rise to a grassroots effort, the Get Human Movement, circa 2008, designed to help callers make an end-run around the IVR and reach CSRs directly. More recently, the growth of social networks and customer forums have made bad customer experience into a highly-visible fact of life that has tarnished the hard-earned value of globally recognized branded offerings. Airlines, telecom services providers, financial service providers, consumer electronics manufacturers, financial service companies, and general retailers have all been affected.

A few recent studies have shown that over 90% of customers who have a bad customer care experience tend to share it with friends and acquaintances. Social networks (such as Facebook and Twitter) and customer forums - though they account for less than 10% of such conversations among the general public today - are destined to amplify negative word-of-mouth comments in ways that tarnish a company's brand.

The Age of Assisted Self-Service

Today, shoppers are more sophisticated than prior generations when it comes to e-commerce and self-service. They have to be. Whether they are in the mall, in their cars or at home using their PCs, tablets or smartphones, they have their choice of device, channel, modality and medium for carrying out personal business. For example, almost every "brick-and-mortar" bank branch already has ATMs installed just outside the main entrance to support routine interactions. There may also be a video kiosk near the teller's counter to support more complex conversations, or to learn about home equity loans or options for investing retirement funds. Live tellers and banking professionals are available at the customers' discretion to support other transactions or business cases.

The same range of options - simple self-service, assisted self-service, and live agent interaction - are presented in almost every retail setting. Grocery shoppers, for example, can use self-service check-outs in order to save time and avoid the uncertainty of getting behind the person with a solidly packed shopping cart, a wallet full of coupons and a penchant for carrying on long conversation with the cashier. Airlines give travelers the options to "check in online," while still providing the ability to check luggage and select seats (and be presented with pitches for upgrade options) at the customer service counter.

The Power of Conversations

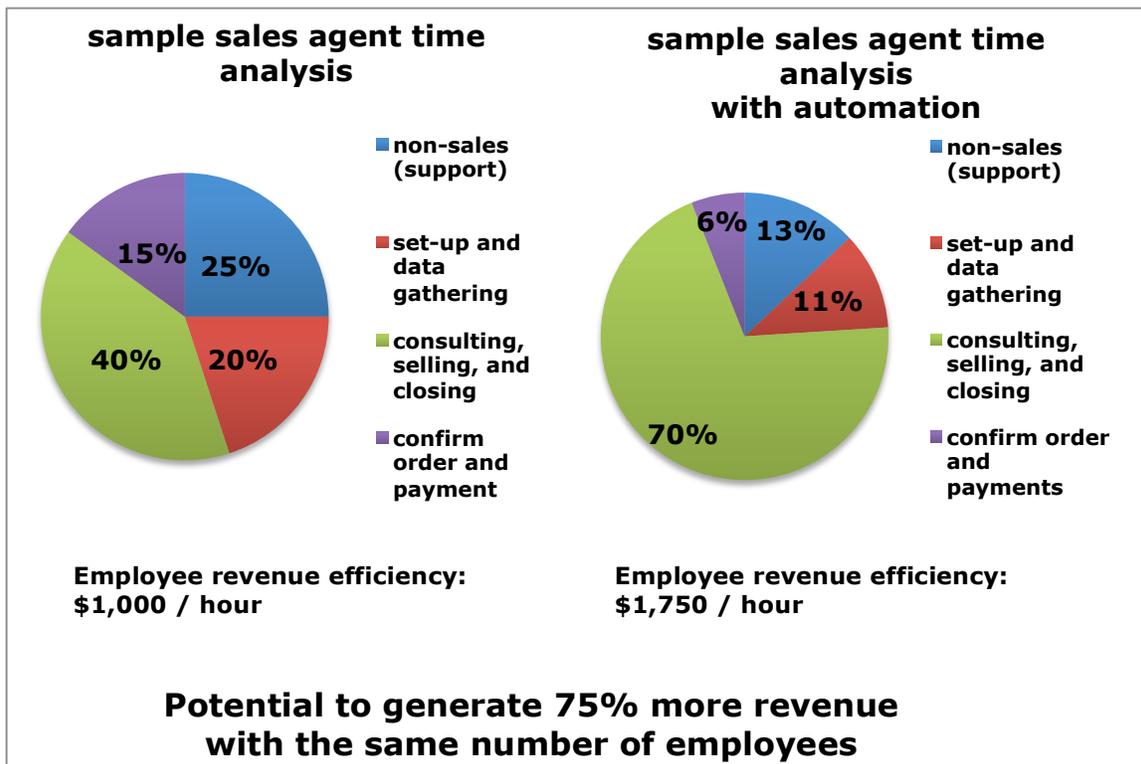
The dramatic change that is underway in both real-world and electronic commerce is changing the nature of phone-based support. Much-maligned interactive voice response (IVR) systems are being transformed from a necessary nuisance into a true productivity aid and source of assistance for callers. Conversational technologies are the catalyst. In this case, the term

means a blend of automated speech processing, intelligent task distribution, artificial intelligence, analytics, intelligent task routing, and human intervention, as required.

Interactions Corporation’s line of Conversational Solutions illustrates the power of a new generation of IVRs to offer a better customer care experience for callers while fostering greater efficiency, productivity and job satisfaction for the CSRs. No longer is the success of an IVR measured in call deflection or call containment. By taking a conversational approach, companies can position the IVR to perform the routine tasks that callers have come to expect from automated systems and, as a result, make the time spent with live representatives more productive and successful.

Using data and analysis from real-world implementations, Interactions has found that the use of conversational platforms, in conjunction with live agent interactions, leads to as much as a 75% increase in the revenue generating potential of a customer service representative. Based on success in the customer service domain, many of Interactions’ clients and prospects are looking at uses of the technology to support sales efforts.

Figure 3: The Power of Conversational Customer Care



Source: Interactions Corporation (2011)

When entering the sales support or revenue generation domain, the IVR carries out an expanded set of tasks. In addition to basic identification,

authentication and ascertainment functions, the system can present and compare offers, make recommendations, and capture the specifications or preferences provided by the caller in order to make the time spent with the live agent more productive for both the caller and the agent. As illustrated in Figure 3, this means that a higher percentage of the agent's time is spent on consultative selling and closing.

A Virtual Assistant in the Enterprise

Interactions Corporation has developed technology that blends automated speech recognition and text-to-speech rendering with a human touch so that interactions with the speech-enabled IVR system feels as natural as talking with a live CSR. It is a "Virtual Agent" for the enterprise, designed to simulate a live conversation as the customer provides the information typically required during the "triage" phase of phone-based commerce.

When it is time to transfer to a live CSR, the system makes it as seamless as possible, transferring all the captured information about the caller and the purpose of the call along with the real-time voice connection. By the way, the system can do the same thing when a visitor to a company's Web site presses a "click-to-call" button. Both callers and Web browsers attain a comfort level when using the automated systems. Then, when the caller wants to talk to a live agent, both the caller and the agent benefit from the fact that the Interactions platform has carried out the triage functions, and the live agent carries the conversation through to completion.

The Hyatt Hotels Case Study

In May 2012, Opus Research hosted a Webcast featuring Hyatt Hotels and Interactions Corp. entitled "How IVR is Reshaping Revenue Generating Call Centers." Hyatt Hotels used the Webcast to describe its use of Conversational IVR to support its image and reputation by providing "exceptional guest service, upscale amenities, popular food and beverage programs, and innovative interior designs that incorporate local art and style." With more than 483 hotels and resorts in over 45 countries under nine different brands, Hyatt is able to offer customers and prospects a broad set of options to suit their traveling needs. The Webcast was an opportunity to showcase these options.

Hyatt's Virtual Assistant Burnishes Leadership Image

The company operates eight contact centers around the globe, two in North America and six in other continents. Collectively, its reservation centers handle over 7 million calls per year, comprising a mix of new reservations, inquiries about charges, cancellations and hotel information (i.e. driving directions or details about amenities like spas and restaurants).

The company looked to upgrade its IVR system with both marketing and operational considerations in mind. The overall objectives were to provide a better customer experience while improving sales efficiency (much as Interactions depicted in Figure 3). The tactics included automating portions

of the reservation process by providing callers the ability to describe the specifics of their trip in “natural language,” as well as completely automating the frequent yet routine calls to confirm or cancel a reservation.

In addition, Hyatt initiated a fully automated process to collect immediate guest feedback by initiating a phone-based survey upon check-out.

The capabilities were integrated into a Virtual Assistant Reservation application provided by Interactions. As designed, the reservation platform answers inbound calls, and collects the hotel name, check-in and check-out dates, and the number of guests before transferring the call to the reservation agent to discuss room availability and rates. Reservation agents can then transfer the call back to the Interactions platform for reservation confirmation and post-call surveys.

The measurable performance objectives sought through the implementation include improved customer satisfaction (evidenced by the post-call surveys) along with 20% efficiency improvements (where efficiency amounts to shorter handle times and other customer-pleasing call characteristics).

New System Enhances Financial Results and Morale

The implementation also brought with it positive financial and operational ramifications, including:

- 33% savings per average call
- 94% savings per fully automated interaction
- Improved sales efficiency

This, in turn, has had an impact on corporate expectations for the customer care operations in general. There is greater confidence in deploying conversational IVR for a growing share of customer-facing interactions, including the revenue-generating reservation system. Thus Hyatt is seeing an increase in the number of reservations that can be made per hour, while at the same time observing an increase in job satisfaction among reservation associates. There has also been a measurable increase in the accuracy of data captured by the system.

What the Future Holds for Hyatt and Conversational IVR

Hyatt Hotels is already considering the Conversational IVR platform to support customer care for its “Frequent Stay Program.” Loyalty programs are often ripe for the sort of virtual assistance that the Interactions Platform can support. Loyal customers have an inherent knowledge of a company’s product offers and approach interactions with a certain level of sophistication that lends itself well to the “effortless efficiency” approach.

The next steps, of course, engender greater levels of “personalization.” Once a system is tuned to quickly identify and authenticate an incoming call, the

hotel chain can associate other information regarding a specific guest's preferences in terms of the type of room, size of bed, and the like. As more calls originate from mobile phones, it is likely that Hyatt will be able to ascertain location and make comparisons to known itineraries, in order to make informed recommendations or confirmations.

All this seems to defy the analysts' assumption that "The IVR is Dead," fallen victim to increased use of the Web and smartphones to carry out the bulk of interactive services and support. The phone itself is playing a diminishing role in the customer care and sales support fabric, according to several recent research surveys. Conversational IVR is the antidote to the IVR's rumored demise.

The future of customer care and sales support is multichannel, multi-modal and mobile. This triple play greatly enhances the future of Conversational IVR, which bridges the gap between Web sites, Web chat, mobile apps and live reps. Hyatt's implementation of the Interaction platform exemplifies the benefits of Conversational IVR both for a better customer experience and for achieving measurable financial and operational objectives.

Think of it as "IVR with Benefits."