

# An IVR that your customers will love, not loathe.

Four ways to create an IVR experience that  
meets your customers' self-service expectations.

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## Why changing consumer expectations leave yesterday's IVR in the dust

Statistically speaking, your customers don't like your IVR. They may tolerate it, but they don't like it. And, as uncomfortable as it is to admit, it's probably always been the case. On the flip side, your IVR quietly hums away, providing significant savings for your company and eliminating countless hours of waiting on hold for your callers. In many ways, it just works. And, with so many new self-service channels that need to be tackled, why bother investing in your IVR?

Here's why: According to Forrester, nearly 40% of all customer service interactions are handled over the phone, with the next nearest channel—email—handling only a fraction of that (17%).<sup>1</sup> Because IVR touches the largest percentage of customers, it will have the biggest financial impact if those customers aren't satisfied. A 2013 Harris Interactive survey found that 66% of customers are likely to leave a company after a high effort interaction and 82% are likely to stop spending money with companies as a result of a bad customer experience.<sup>2</sup>

As companies reconsider the phone's role in their customer service strategy, it's time to think differently and to think big.

This white paper describes how your customers' expectations for self-service have changed and explores how you can create an IVR strategy that:

- Allows your IVR experience to become a market-differentiation tool
- Lets your IVR continue to improve your bottom line
- Serves as a foundation of your entire self-service strategy

### Customers dislike IVRs for what they do – and don't do

In a recent Nuance survey, 66% of consumers said self-service is generally more convenient. This preference is even higher – 82% – among Gen Y consumers.<sup>3</sup> Other research corroborates these findings. The airline industry's 2012 Passenger Self-Service Survey found that over 68% of all passengers had used a self-service channel, such as a website, kiosk, mobile or social media, for check-in. This is a significant increase—up from 55% just one year before. According to the survey, there is no significant preference by passengers for any particular channel; consumers want to use whatever channel is most appropriate depending on their circumstance and location.<sup>4</sup>

Why the overwhelming preference for self-service? In a word, convenience. Consumers have grown accustomed to getting what they want – their flight's gate number, an account balance, a delivery status – when they want it, and on the device of their choice quickly and easily. Even though people prefer self-service and depend heavily on the phone for customer service, the widespread use of IVRs designed to 'contain' callers has resulted in high dissatisfaction with IVR compared to other self-service channels. According to a

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1 Source: Forrester Forrsights Networks And Telecommunications Survey, Q1 2013  
 2 2013 Customer Effort Survey Conducted by Harris Interactive  
 3 2013 Nuance Consumer Preference Survey  
 4 2012 Passenger Self-Service Survey

study by New York University, an overwhelming majority (83%) of consumers feel that IVR systems provide either no benefit at all, or only a cost savings benefit for the company.<sup>5</sup> Bottom line? People think IVRs are difficult to use.

It's easy to see why a lot of IVRs get a bad rap: too often they aggravate callers with confusing menu mazes, alienate them with impersonal radio-announcer voices and inundate them with requests for PINs and passwords they can't – and shouldn't have to – remember. Callers see IVRs as a barrier between them and what they want, instead of guiding them to the right answer right away. But they don't dislike IVRs for what they are. Instead, they dislike them for what they do – and don't do.

### The changing consumer behaviors that are critical to re-inventing your IVR

The first step in re-inventing IVR is to recognize the key trends driving consumer expectations related to self-service and IVR:

More than half of the adults in the United States and other countries now own a smartphone. The airline Passenger Self-Service Survey reveals even higher numbers among some demographics, with the amount of passengers carrying a smartphone at 70% in 2012.<sup>6</sup>

American adults who own smartphones just can't seem to separate themselves from their devices. According to a Harris Interactive survey, 72% of smartphone owners are within five feet of their devices the majority of the time.<sup>7</sup> These personal devices store everything from family photos, contacts, favorite restaurants and games, to user IDs, passwords and communications history. What's more, mobile apps incorporate contextual information such as location, calendar, weather, and time. The apps' ability to combine this data intelligently reduces the hassles of typing and results in a highly tailored experience.

With all of that intelligence at their fingertips, it's no wonder that consumers now expect more intelligent interaction with IVRs. Just a few years back, callers found it a little “big brother-ish” when IVRs greeted them by name. Today, usability studies show that greeting a caller by name has a positive impact on the IVR experience and callers rate IVRs as overwhelmingly “more effective” when the system uses their name. This isn't surprising since customers have grown accustomed to personalized greetings from interacting with websites and mobile apps.

### The quest for 'easy' service translates to getting it done faster

“Easy” is the number one consumer demand when it comes to customer service. Meet that demand and the payoff is huge. CEB found that a 20% increase in simplicity results in a 96% increase in customer loyalty.<sup>8</sup> It can result in consumers being 86% more likely to purchase brands and 115% more likely to recommend those brands to others. In other words, consumers will reward companies that focus on simplicity, including those that streamline their IVR.

But, what is the definition of “easy”?

Because people are so crunched for time, “easy” often becomes synonymous with “fast.” Consider self-service grocery store checkouts. It may take a bit more physical effort to scan and bag your own groceries, however, if the alternative is waiting an extra five minutes for a clerk to do it, suddenly self-service becomes the easier option. Ditto for smartphone-enabled check-ins at airports and hotels. Think about what makes an IVR experience

# 20%

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5 2011 New York University Consumer Perception of Interactive Voice Response Systems Survey

6 2012 Passenger Self-Service Survey

7 2013 Harris Interactive Mobile Consumer Habits Survey

8 2012 Corporate Executive Board survey of 7,000 consumers

fast and easy for your customers. Would they like to select from a series of menu choices that start with the phrase “Please listen carefully because our menu options have changed?” Or, would they prefer that the IVR simply ask, “How may I help you?” allowing them to state, in their own words, the reason for their call?

**The daily use of technology increases the sophistication expected from IVR**

The term “early adopter” has become meaningless. New technologies and devices increasingly go from zero to mass adoption in a year or less, mostly because they’re becoming simpler to operate and can be mastered in days by almost anyone—without even cracking the manual. With this mastery comes confidence.

People now think nothing of speaking commands to their car, getting a text message from their bank, or of scanning an airline baggage tag with their smartphone to locate their luggage. Yet most IVRs still clunk along with designs that predate these innovations. That’s a missed opportunity to differentiate your business and demonstrate your commitment to great customer service.

**Give customers what they want, anytime and on their preferred device**

Consumer preference and expectations for self-service have changed. So, what can companies do to meet these expectations?

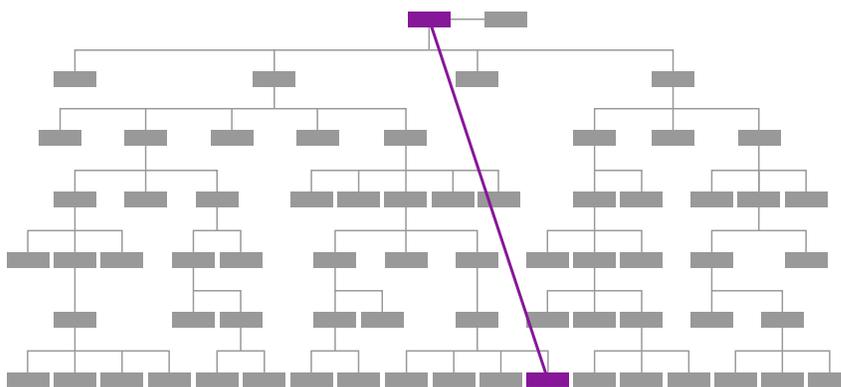
**#1. Ditch the menu mazes**

Human conversations rarely require participants to choose from complex lists and sub-lists of options. Neither should an IVR. Design your IVR as a natural, human conversation. Minimizing multi-level menu trees and unnatural conversation flows are critical steps in reducing caller effort and delivering a more satisfying experience.

IVRs should use Natural Language Understanding (NLU) to enable a conversational interaction with callers.

# 3%

of callers will hang up or hit zero with each IVR prompt presented.



“Easy” means getting customers where they need to go and the information they need with the least amount of effort.

NLU allows callers to speak naturally instead of forcing them to respond to a barrage of questions and prompts. It also improves self-service performance. Real-world deployments show that with each IVR prompt, an average of three percent of callers will hang up or hit zero.<sup>9</sup> This means that three consecutive caller prompts in the IVR could result in nine percent lost automation potential. For most enterprises, even a one percent decrease in automation translates to hundreds of thousands of dollars in increased cost. To maximize automation potential, your IVR should greet your caller with an open-ended question such as “Hi Bob. How can I help you?” and allow him to respond conversationally, “I’d like to pay 100 dollars on my Visa bill.”

IVRs that use contextual awareness can further reduce caller input and frustration. For example, when a caller asks, “What’s the price to fly from Los Angeles to Boston tomorrow?” and then adds, “And, how about next Saturday?” the IVR, like a live agent, should understand the caller’s intent and provide pricing for flights from Los Angeles to Boston for next Saturday.

Case in point: American Airlines’ (US Airways) IVR uses NLU to not only recognize what callers are saying, but to decipher their intent. As a result, the IVR doesn’t struggle when callers use everyday words like “leave” instead of industry terms like “depart.” It simply takes them straight to the information they need for fast, easy service. By simplifying the interaction, American Airlines (US Airways) has earned a reputation for great customer service, shortened call times, and improved automation rates giving live agents more time to focus on customers with complex requests.

### #2. Eliminate the hassle of PINs and passwords

Consumers hate PINs and passwords. In a survey by technology company Janrain, 38% of American adults polled said they think it’d be easier to solve world peace than to recall all their passwords.<sup>10</sup>

Because IVRs are voice driven, they can completely eliminate the hassles of PINs and passwords without compromising security. Voice biometrics uses the caller’s voice, or voiceprint, to authenticate the caller by matching hundreds of unique voice characteristics to the voiceprint on file. The authentication process can be as simple as the caller saying, “My voice is my password.”

Leading consumer-facing organizations, like Barclays, T-Mobile, Vanguard, Vodafone and ANB, have implemented voice biometrics to thwart fraud, maximize automation, and ensure a great customer service experience. And their customers appreciate the simplicity. Research shows that 85% of consumers are dissatisfied with PINs and passwords and that 90% are eager to use voice biometrics instead.<sup>11</sup> After Barclays implemented voice biometrics, 93% of customers gave the company a nine out of ten satisfaction rating.

Voice biometrics also delivers an opportunity for organizations to reduce costs and boost revenue. By making the authentication process fast and frustration-free, callers have more time to learn about new products. In addition, when more callers are able to authenticate in the IVR, self-service automation increases and agent call volume decreases. It’s a win-win.

### #3. Boost your brand with a high-quality voice persona

“It’s not what you say, but how you say it that matters.” This well-known axiom is critical to delivering intelligent, trusted IVR self-service. The 7-38-55 Rule, developed at UCLA, shows that seven percent of comprehension of spoken communication comes from the actual words that are spoken; 38% is based on the way words are spoken; and 55% stems from facial cues or body

# 38%

of those polled said they think it’d be easier to solve world peace than to recall all their passwords.

# 5x

What your IVR says to callers is important, but how it says it is five times more important.

<sup>9</sup> Aggregate of Nuance Usability Studies  
<sup>10</sup> 2012 Online Registration and Password study by Janrain and conducted by Harris Interactive

<sup>11</sup> 2012 Survey conducted by Coleman Parkes Research in conjunction with Opus and Nuance

language. Your IVR doesn't have the benefit of facial cues or body language, so while the words and script for your IVR are important (seven percent), how your IVR says those words to your callers is five times more critical (38%).

A high-quality voice persona can go a long way to increase understanding and boost IVR satisfaction and usage. To the caller, the voice of an IVR makes a distinctive impression about the company he's contacting. Robotic, disjointed speech reinforces the stereotype of contact centers as impersonal, uncaring and detached, and does little to bolster a company's brand. Poor recording quality or the wrong talent selection can negatively impact callers' trust and their opinion of the company.

IVRs that have natural cadence and phrasing that flows like human conversation make a positive impression on callers, eliciting trust and care. A voice that conveys information with a completely natural tone and pacing also reduces customer effort by eliminating the need to connect fragmented phrases or decipher poor pronunciation.

American Airlines' (US Airways) Wally IVR persona is a perfect example of an IVR persona done right – he's so key to the airline's brand value that he's prominently featured in the airline's in-flight magazine. He even kicked off a shareholder meeting by reading the company's forward-looking statement.

#### #4. Use foundational IVR components to expand “easy” to your other channels

Consistency counts. That's why today's IVRs include technologies that are increasingly leveraged on other channels. For example, using voice recognition to interact with a mobile app is now widely accepted thanks to Siri and Google Now. Companies can use the same natural language technology that powers their IVR to add a voice-driven virtual assistant to their mobile apps or a chat assistant to their Website. Similarly, the voice biometrics and voiceprints that make it easy for callers to authenticate themselves within the IVR can be used to authenticate customers across mobile and Web. No need to remember PINs and passwords across devices. What's more, IVR voice and audio assets—what callers hear as the voice of a company's brand when they call the IVR—can give a voice to your mobile app or Website, creating a consistent audio interface across channels.

Wider deployment of these foundational technologies can result in a more unified and consistent experience for your customers. At the same time, it allows your company to better leverage your IVR investments across other self-service channels. The payoff? Increased customer loyalty, more revenue and higher ROI.

#### Make Your IVR the foundation for your omni-channel success

IVR may be a decades-old technology, but it's being reinvented to meet the demands of the 'I want easy, I want it now' consumer. Consumers today prefer to use their voice to get things done and innovative advances finally make it possible to offer an intelligent, conversational IVR that your customers will actually like using. By leveraging the best foundational technologies and thoughtful design, your organization can gain strategic advantages that will deliver an easier customer experience, not just for IVR, but across mobile and Web as well. By reinventing your IVR, you'll gain a competitive edge over rivals that continue to accept their IVR as “good enough.” Now that's something to talk about.

# 38%

of comprehension of spoken communication is based on the way words are spoken.<sup>12</sup>



Use the same natural language technology and investment from your re-invented IVR to add a Siri-like interface to your mobile apps or a virtual assistant to your Website.

<sup>12</sup> The 7%-38%-55% rule by Albert Mehrabian, Professor Emeritus of Psychology, UCLA

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**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](http://nuance.com).

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