

A Forrester Consulting Thought Leadership Paper Commissioned By Adobe

Poor Customer Experience Hurts The Bottom Line For Financial Services Companies

Compared With Other Industries, The Frustration Is Higher And The Consequences Greater

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FORRESTER

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Table Of Contents

Executive Summary	2
For Consumers, Customer Experience Is Bad.....	3
For B2B Buyers, It’s Worse.....	5
Financial Services Firms Face Big Customer Experience Challenges	8
Financial Services Companies Must Invest To Improve And Adapt.....	9
Appendix A: Methodology	10
Appendix B: Supplemental Material	10
Appendix C: Demographics/Data	10

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Executive Summary

In financial services, customer experience has a direct fiscal impact, and the experience is bad. In May 2010, Adobe Systems commissioned Forrester Consulting to evaluate how consumers' and business buyers' opinions of online customer experiences compared to vendors' perceptions of their own online presence. To explore this topic, Forrester conducted three online surveys: a consumer study of 2,793 US and European Union (EU) financial services, electronics, or mobile phone customers; a business study of 628 US and EU business financial services, IT hardware, or mobile phone buyers; and a vendor study of 405 US and EU sales, marketing, and customer service professionals at firms selling the aforementioned offerings. Forrester surveyed 211 business buyers and 622 consumers who were financial services customers, and 179 vendors surveyed were in the financial services industry.

Consumers give poor marks to the customer experience of doing business with financial services companies. As a result, these customers are reluctant to do further business with these vendors or recommend their products and services to other potential buyers. If they had no other customers, financial services firms would have strong incentives to improve customer experience. Unfortunately, B2B customers are even unhappier, far deeper than vendors realize.

Customer service represents an opportunity for financial services companies to differentiate themselves from their competitors. Vendors must tailor their customer service strategy to deal with these challenges in a direct, measurable way. Given the prominence of the corporate Web site in the customer experience of both B2C and B2B clients, this face of customer experience requires substantial attention.

Key Findings

Forrester's study yielded four key findings:

- **Financial services companies lose business because of bad customer experience.** In our research, customers stated clearly and emphatically that bad customer experience limits their willingness to do further business with financial services firms.
- **Business buyers are far more frustrated than consumers.** The frustration among B2B customers is profound, as are the consequences.
- **Customer experience is worse in financial services than other industries.** While other industries also face challenges with their B2B customers, financial services organizations have more built-in obstacles to good customer experience.
- **These problems are fixable.** While the picture is grim, we can identify measures that will address many of these customer experience challenges. Vendors need to be prepared for further investment, and they need to be careful to tailor their strategies to fit the specific challenges in their industry, but substantial improvements in customer retention and referrals are definitely worth it.

For Consumers, Customer Experience Is Bad

For consumers, dealing with a financial services company can be an exercise in frustration that starts even before they become customers. While the Web site is the primary source of information that consumers use when researching whether they want to do business with a financial services vendor, they frequently use other sources of information as well. Unfortunately, there is no relationship between the frequency with which consumers use one of these outlets and their degree of satisfaction with their experience (see Figure 1).

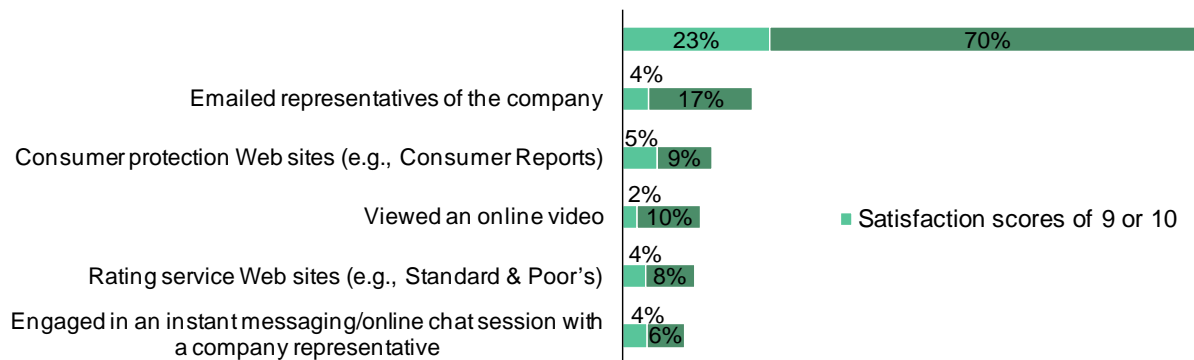
Consumers are equally dissatisfied with financial services companies at other stages in their relationship. Once they become customers, these users are not happy with the process of performing common transactions. Once again, the frequency of using the Web site stands in stark contrast to the customer's experience using it (see Figure 2).

Customer service can shore up some of the weaker aspects of customer experience, but only to a limited extent. Figure 3 highlights, yet again, the disparity between how often customers look to the Web site and their satisfaction with the results. Additionally, the data implies that customers are happier with customer service channels that are proactive, such as email messages about account status. In fact, nearly half of those receiving email notifications on their account status are very satisfied with that method of interaction. However, these mechanisms do not resolve problems that customers encounter with other aspects of customer experience, such as conducting a transaction through a Web form.

Figure 1

When Consumers Research Financial Services, There's No Relationship Between Source And Satisfaction

"In the last 90 days, you indicated you did research on the Internet for a financial service offering. Which of the following Web-based research methods did you use? (Select all that apply) How satisfied are you with your experience using these Web-based research methods?"
Combined stacked bars show total usage for each method



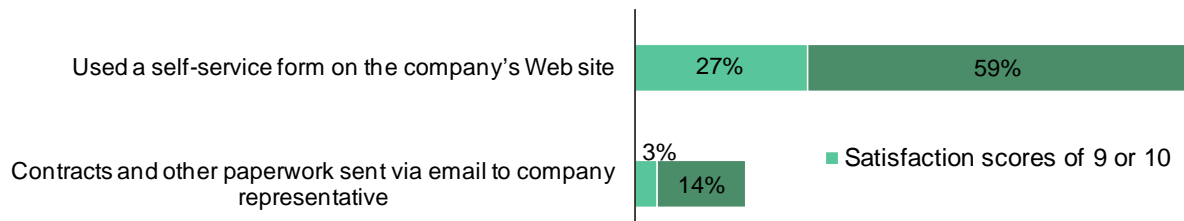
Base: 495 US and European consumers who have interacted with a financial service firm to do research on a product in the past 90 days

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010

Figure 2

Customers Doing Standard Transactions Are Unhappy With The Most Common Tasks

“In the last 90 days, you indicated that you selected/purchased a financial service offering(s) on the Internet. Which of the following Web-based purchasing methods do you use? (Select all that apply) How satisfied are you with your experience using these Web-based purchasing methods?”
Combined stacked bars show total usage for each method



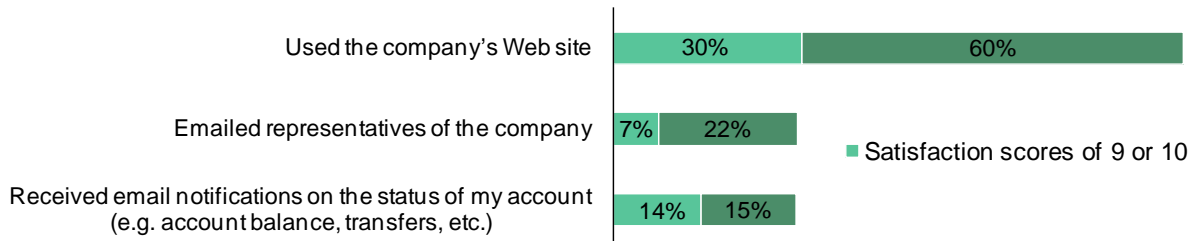
Base: 349 US and European consumers who have interacted with a financial service firm to purchase a product in the past 90 days

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010

Figure 3

Personalized, Proactive Customer Service Garners Highest Satisfaction

“In the last 90 days, you indicated you accessed customer service on the Internet for a financial service offering. Which of the following Web-based customer service methods did you use? (Select all that apply) How satisfied are you with your experience using these Web-based customer service methods?”
Combined stacked bars show total usage for each method



Base: 326 US and European consumers who have interacted with a financial service firm to receive customer service in the past 90 days

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010

Relying too much on customer service has a significant risk: Both consumers and business buyers get frustrated and angry when, after trying to get a transaction done through other means, they receive mediocre or poor customer service. This issue appeared repeatedly in our survey data, such as this representative comment:

“The tool to contact the financial provider is good and I'd recommend it; it's just the quality of the answers given by the call operative that lets it down.” (Consumer financial services customer)

Dissatisfaction with customer experience has immediate consequences for the bottom line of financial services firms. When asked to consider their customer service interactions with a financial services company, only 36% of consumers

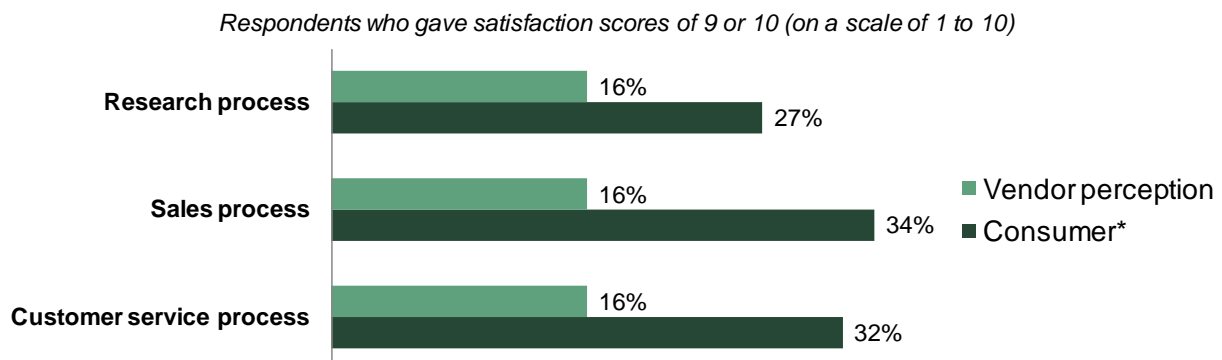
are likely to use their current provider when purchasing their next financial services product, and a mere 29% are likely to recommend the offering to a colleague. As one survey participant said,

“The customer service agent was basically nonresponsive to my request, forcing me to use the phone/mail to get the information I wanted, and I still didn't get all the information, so I gave up on the company.”
(Consumer financial services customer)

The only silver lining in this story may be found in the financial services vendors' own perception of customer experience. Rating themselves lower in customer experience than consumers do, these vendors may be putting some pressure on themselves to address some of the problems (see Figure 4). The indication is that this message of consumer dissatisfaction has reached financial services companies, at least in their dealings with consumers.

Figure 4

Vendors Are Hard On Themselves



Base: 179 US and European sales, marketing, and customer service professionals at financial service firms

* Base: US and European consumers who have interacted with a financial services firm in each capacity in the past 90 days

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010

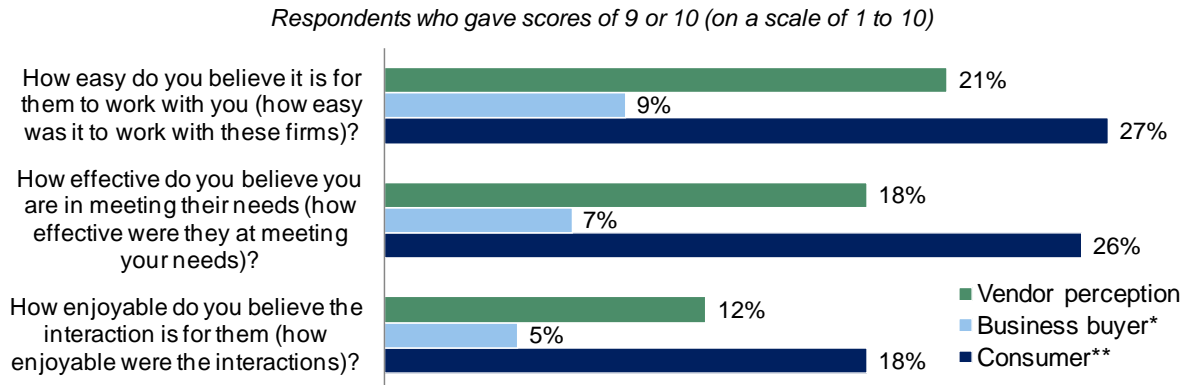
For B2B Buyers, It's Worse

Unfortunately, consumers are not the only customers. B2B customers are alarmingly unhappy with their experience doing business with financial services companies. As Figure 5 shows, B2B customers are not only less satisfied with their customer experience than consumers, but their experience is far worse than the vendors realize. Financial services companies cannot bank on their corporate users soldiering through a bad customer experience, just because it's in their job descriptions to complete these transactions.

Not only are B2B buyers more frustrated, but they are also less forgiving than consumers. Based on research and purchase experiences, only 14% of business buyers were likely to use their current provider for their next financial service purchase and a minuscule 9% were likely to recommend their provider/offering to a colleague (see Figure 6). For any financial services company, this should be the reddest of red flags.

Figure 5

B2B User Experience Is Worse Than Vendors Believe



Base: 179 US and European sales, marketing, and customer service professionals at financial service firms

*Base: 211 US and European business buyers who have interacted with a financial service firm in the past 90 days

** Base: 622 US and European consumers who have interacted with a financial services firm in the past 90 days

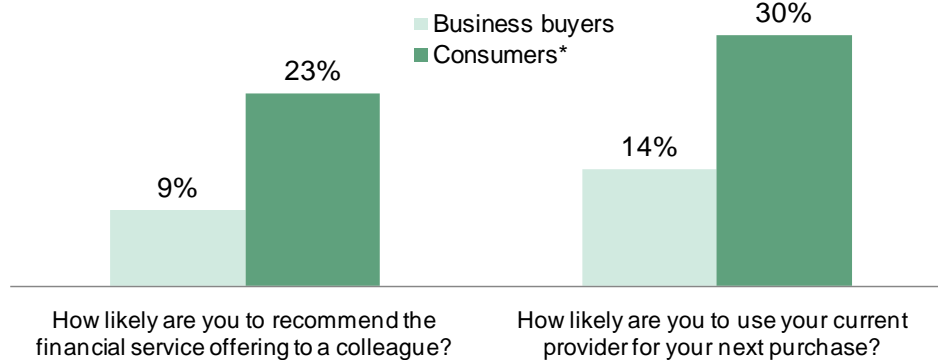
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, August 2010

Figure 6

Financial Services Firms Risk Losing More Business Buyers Faster Than Consumers

“Considering materials you reviewed and the interactions you had while you researched and selected/purchased a financial service offering(s):”

Respondents who gave scores of 9 or 10 (on a scale of 1 to 10)



Base: 124 US and European business buyers who have interacted with a financial service firm to research or purchase a product

* Base: 561 US and European consumers who have interacted with a financial service firm to research or purchase a product

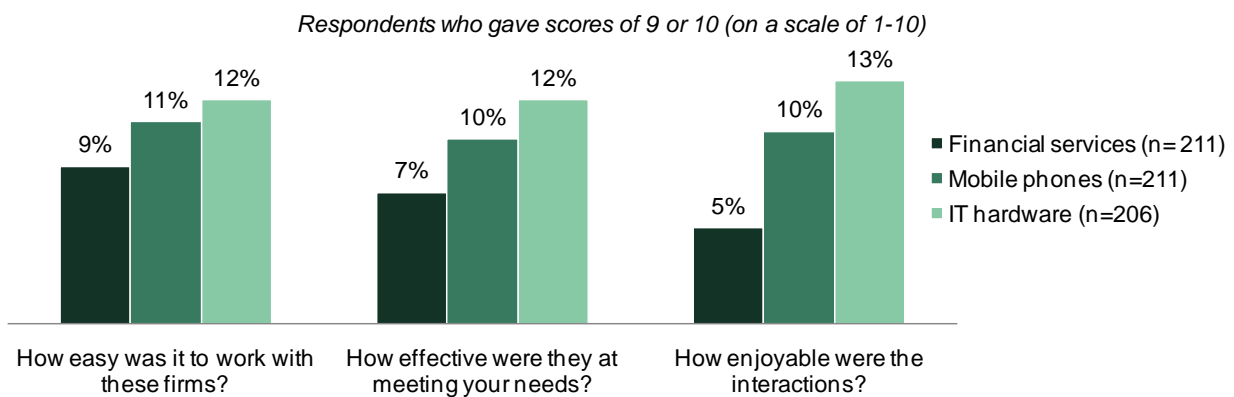
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, August 2010

To be fair, B2B customers are, on average, less satisfied with the customer experience than consumers. However, the dissatisfaction with financial services companies is more acute than with two other verticals included in our research

(see Figure 7). Financial services vendors need to recognize both the general sources of dissatisfaction among B2B customers, as well as any special problems that financial services vendors face with their B2B clientele.

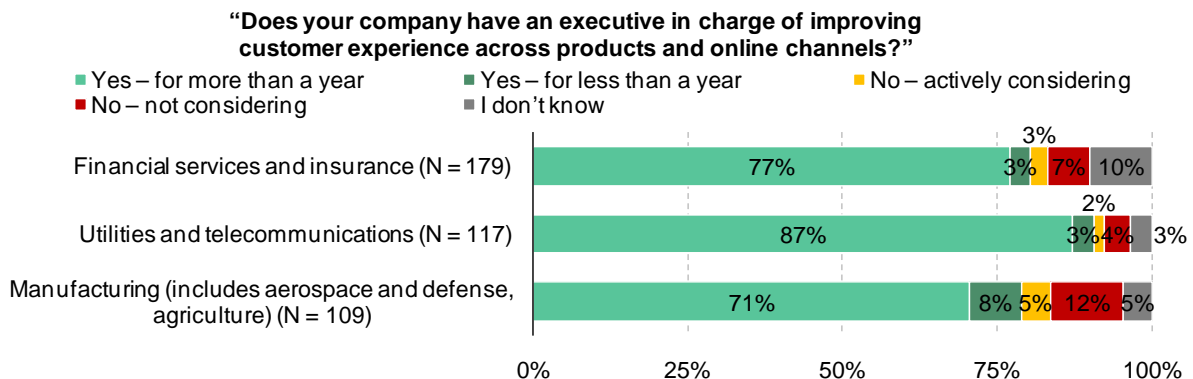
Financial services companies cannot simply copy what their brethren in other economic sectors do, in the hopes of making the situation better. For example, financial services companies have created an executive-level role in charge of customer experience as often as other industries (see Figure 8). In spite of investing similarly in this aspect of customer experience, financial services companies have achieved worse results.

Figure 7
Financial Services Companies Provide Worse Customer Experiences Than Other B2B Firms



Base: US and European business buyers who have interacted with a financial service firm to research, purchase, or receive customer service
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, August 2010

Figure 8
Comparable Commitment To Customer Experience Doesn't Produce The Same Results



Base: US and European sales, marketing, and customer service professionals at each type of firm
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, August 2010

Financial Services Firms Face Big Customer Experience Challenges

The nature of the financial services industry poses some additional challenges to achieving customer satisfaction, particularly among B2B clients. Day in and day out, financial services companies have to deal with these hard realities:

- **Transaction volume.** For financial services companies, revenue and profitability depend on the volume of transactions. If any aspect of customer experience is not easy, effective, or enjoyable to use, bad customer experience reduces the number of transactions that their customers can complete. Whatever improvements a vendor makes to customer experience must be highly scalable to have a significant effect on transaction volume.
- **Portfolio complexity.** Financial services companies have relatively large product portfolios. Where an automobile manufacturer may have a few dozen makes and models, a bank may offer hundreds of individual products. Bad customer experience makes it more difficult, and therefore less attractive, for customers to navigate this portfolio to find the right product for them. This issue was prominent in our survey responses, such as this typical request for improvement:

“Easier access to information about full range of products, not just filling in pages of forms to get quotes, only to find at the end of this process, I have to speak to a customer sales rep.” (Consumer financial services customer)

- **Portfolio evolution.** The contents of a financial services company’s portfolio change quickly. These firms can bring to market any product, such as a new form of derivative, or a new category of business loan, faster than (to continue the analogy) an automobile company can develop a new model of car. Both the human aspects of customer experience, such as sales training, and the technological ones, such as Web site content and navigation, must be able to keep up with these rapid changes.
- **Inflexible processes.** In financial services, the vendor and customer do not have a great deal of flexibility in how to complete transactions. Both parties have to deal with legal and regulatory constraints on their dealings, along with the preferred way of doing business within their companies. Therefore, customer experience must conform to the way customers have to do business as much as cater to the ways they might prefer to do business.
- **High expectations.** The customers of financial services companies are veterans of electronic methods for conducting business, including methods like wire transfers and automated stock purchases. With experience comes a specific expectation of usability, reliability, and performance. For example, one survey participant was looking for:

“Specifics of what they provide, not just statements of ‘We’ll make you happy,’ ‘We’ll meet your needs,’ etc.” (Consumer financial services customer)

- **Application-heavy sites.** Since the Web site is the most common way for customers to do business with a financial services company, the Web site is, almost by definition, dominated by the applications needed to conduct a wide array of transactions. For consumers, the number of options (monitor account balances, pay bills electronically, buy and sell stock, etc.) are large; for institutional customers, the applications are even more numerous and complex. Therefore, customer experience professionals cannot address problems on their own; instead, they need to work in close collaboration with application developers, alongside other groups that contribute to the overall customer experience.

FINANCIAL SERVICES COMPANIES MUST INVEST TO IMPROVE AND ADAPT

Given these special challenges, and the direct threats to revenue and profitability they pose, financial services companies must face their customer challenges head-on. The recommendations made in our companion study, "Poor Online Customer Experience Creates Disloyal Customers," certainly apply here. Financial services firms must:

- **Break down silos.** Work done to break down these silos will benefit both B2B and B2C efforts. The bar is already higher for B2B, where decisions depend on the actions and opinions of more than a single buyer. Do a good job of sharing information on these customers, and you'll already have in place the mechanisms for developing a shared understanding of consumers too.
- **Implement real-time tools.** The tools required, such as chat and Webconferencing, have few special requirements for B2B customers. Therefore, a good real-time experience should benefit B2C customers as well.
- **Provide easy-to-distribute collateral.** With a complex portfolio of rapidly evolving products, this is especially important for the financial services industry. Faced with the same challenges navigating and understanding this portfolio as customers, your own employees can be an immediate measure of this aspect of customer experience.

At the same time, financial services companies must apply these principles in a way that addresses the special challenges of their industry. The problems are tractable, but investment is necessary. Table 1 lists measures that financial services companies can take to overcome obstacles and build an improved customer experience. Many of these measures focus on the Web site, given its prominence in the experience of both B2B and B2C customers.

Challenge	Response
Transaction volume	<ul style="list-style-type: none"> • Set transaction volume as the primary measure of improvements to customer experience. • Implement analytics and other tools to automate and communicate these measurements.
Portfolio complexity	<ul style="list-style-type: none"> • Design a customer experience that steers users in the direction of portfolio components that matter to them, instead of leaving it to the buyer to excavate this information. • Invest in processes/tools that can quickly accommodate new ideas for managing complex portfolio information.
Portfolio evolution	<ul style="list-style-type: none"> • Adopt a lean design/development approach to lessen the number of elements needing change. • Invest in the resources needed to implement, test, and deploy changes, so teams can spend more time building a better experience than struggling to deliver changes.
Inflexible processes	<ul style="list-style-type: none"> • Work closely with customers to understand their use cases and the limits on their flexibility. • Build a collaboration infrastructure that communicates this information across the teams responsible for the design, content, and functionality of the site.
High expectations	<ul style="list-style-type: none"> • Instead of rewarding individual contributions only (design, testing, deployment, etc.), make increased customer experience satisfaction the collective responsibility of the full team. • Continue researching alternate frameworks for providing functionality, in case a new technology provides a better starting point for meeting high expectations.
Application-heavy sites	<ul style="list-style-type: none"> • Develop business processes that help customer experience and application development professionals work together. • Invest in tools that improve and accelerate this collaboration.

Source: Forrester Research, Inc.

Appendix A: Methodology

In this study, Forrester Consulting conducted a consumer study of 2,793 US and European Union (EU) financial services, electronics, or mobile phone customers; a business study of 628 US and EU business financial services, IT hardware, or mobile phone buyers; and a vendor study of 405 US and EU sales, marketing, and customer service professionals at firms selling the aforementioned offerings. These studies were intended to evaluate customer satisfaction levels across research, purchase, and customer service activities, as well as vendor perceptions on the same. The study began in June 2010 and was completed in July 2010.

Appendix B: Supplemental Material

Related Forrester Research

“Experiences Across The Customer Life Cycle,” Forrester Research, Inc., February 11, 2010

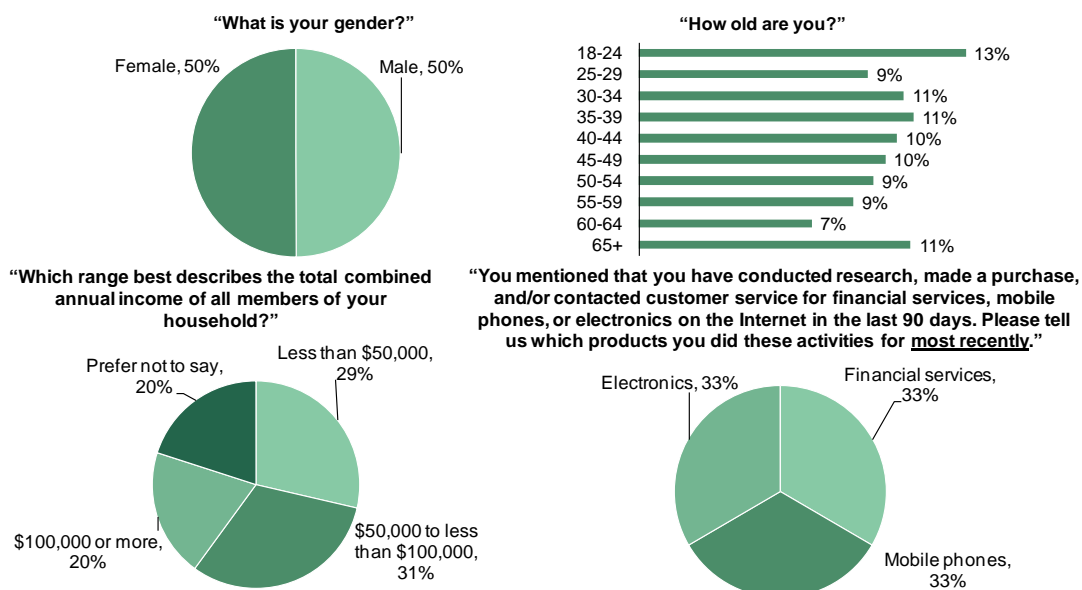
“Emotional Experience Design,” Forrester Research, Inc., October 26, 2009

“Customer Experience Boosts Revenue,” Forrester Research, Inc., June 22, 2009

Appendix C: Demographics/Data

Figure C1

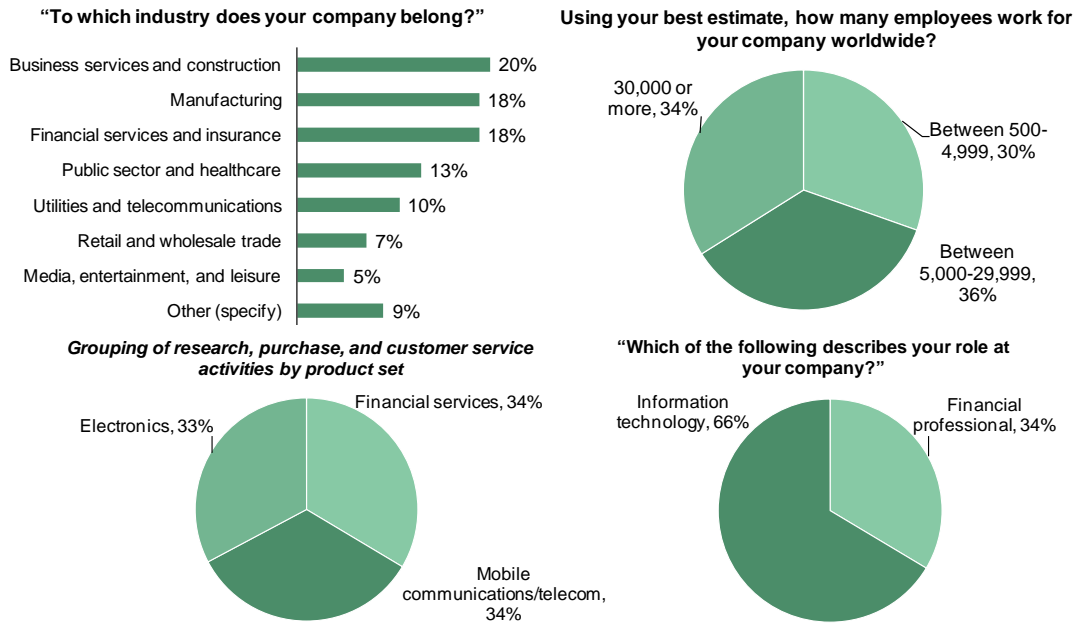
Consumer Survey Demographics



Base: 1,862 consumers involved in research or purchase of financial services, mobile devices, or electronics for their household

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010

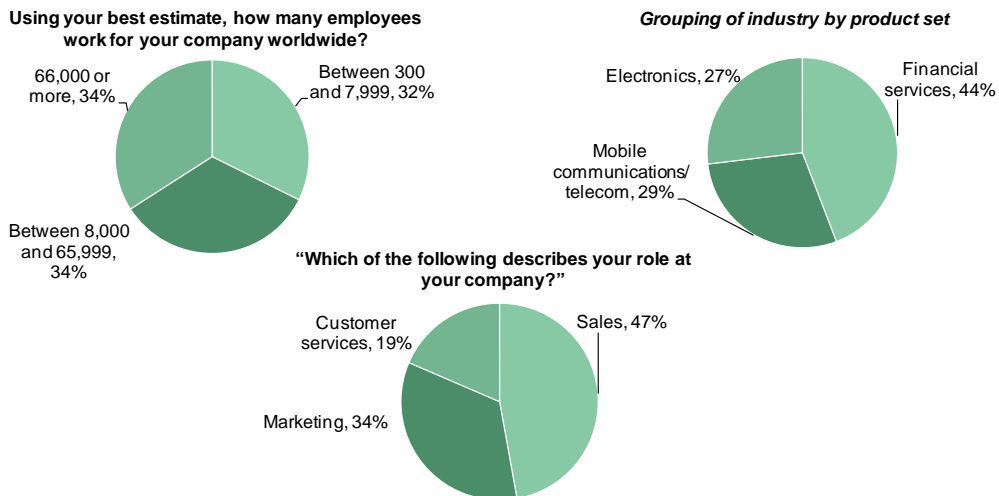
Figure C2
Business Buyer Survey Demographics



Base: 628 enterprise professionals involved in research or purchase decisions for financial services, mobile devices, or IT hardware

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010

Figure C3
Vendor Survey Demographics



Base: 405 sales, marketing, and customer service decision-makers for financial services, mobile phone, or electronics/hardware firms

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe Systems, July 2010