

The Pace of Digital Evolution

A global view of consumer sentiment toward
essential communications



quadi^{ent}
Because connections matter.

Computershare

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This paper is based on a study that was conducted by Coleman Parkes Research and is the result of 5,000 consumer respondents who were surveyed about their attitudes to essential communications.





Introduction

In an era of rapidly changing digital capabilities, it is only natural that consumers are demanding more from their providers in terms of digital communications.

With this in mind, Computershare and Quadient engaged an independent research provider, Coleman Parkes to explore consumer behavior in relation to essential communications.

Through this we hope to help our clients and the broader market gain a comprehensive understanding of how this landscape has changed in recent years. We approached this research with two hypotheses:

1. Changes to consumer behavior as a result of COVID have accelerated the propensity for consumers to switch to digital communication channels
2. Essential and transactional communications are by their nature complex. By improving the customer experience with these communications, companies can reduce the cost to serve customers and reduce churn.

The results of our independent survey have shown consumers are seeking more digital interactions with their providers, and poor experiences with essential communications drive up not only cost to serve, but probability of churn.

Some of the results did however surprise us, such as 51% of consumers surveyed indicating they would prefer to read their essential communications on a laptop or desktop.

We trust you will find some actionable insights in this paper, and maybe a surprise or two along the way.



David Hynes
Global Head
Computershare
Communication Services



Chris Hartigan
Chief Solution Officer
Intelligent Communication
Automation, Quadient

Executive summary

If there is one element essential to our existence as human beings, it's the need to communicate. We are continuously searching for inventive ways to connect with those around us, and thanks to advances in digital technology and the myriad of channels now available to us, **communication in the modern world is easier and more convenient than ever before.**

Every day, consumers are immersed in digital first experiences from companies such as Apple, Uber, Netflix and Google, which are setting expectations around customer experiences in the modern era. Businesses today are facing increasing pressure from this ever-evolving digital environment and are struggling to keep up with consumer demand.

This paper seeks to assist providers in the Financial Services, Wealth Management, Insurance and Utilities markets to **navigate evolving consumer demands for essential communications.**

In July 2021 we asked consumers across the globe about their preferences related to different aspects of essential communications. These consumers responded to questions related to their communication preferences and experiences, as well as behaviors

and attitudes based on recent interactions with communications from their service providers across the four industries previously mentioned.



Essential communications are transactional in nature and usually highly regulated such as statements, bills, welcome packs and notices



Our core findings suggest that consumers want to transition to digital communications at a rapid pace. With 48.5% of consumers who currently receive paper communications indicating they intend to switch to digital communications in the next 12 months, it follows that there is an ever-increasing need for companies to embrace the digital world.

More importantly however, the message to providers is that **offering an omnichannel experience where the consumer can choose their channel of choice is more important than simply switching to digital.**

Consumer comprehension is the low-hanging fruit. **The study clearly indicates that when consumers cannot understand their essential communications, the propensity for churn is significant.**

Therefore, providers need to consider the clarity and ease with which consumers can digest information as the first step on the path to improved customer experience. Without this, any efforts dedicated to undertaking a digital transformation or offering an omnichannel experience may be wasted.

Demographic overview

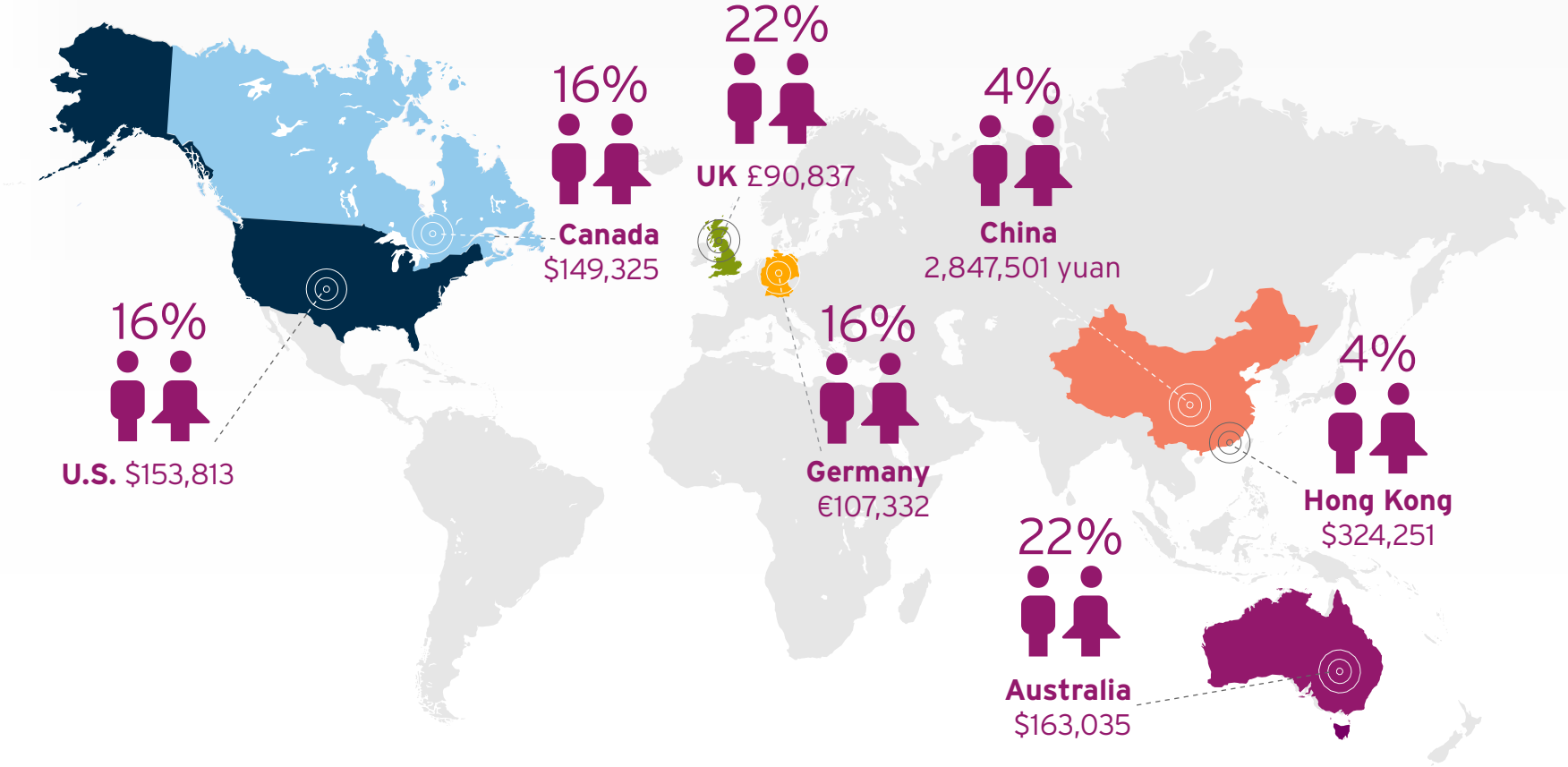
5,000 respondents

We surveyed consumers who have interacted with at least one of the four service providers in the last three months:

- Personal Banking Provider
- Insurance Provider
- Wealth Management Provider
- Utilities Provider

What is your gross total annual household income?

Which country do you live in?



How do you identify?



Part 1:

Are consumer
communication
expectations
being met?



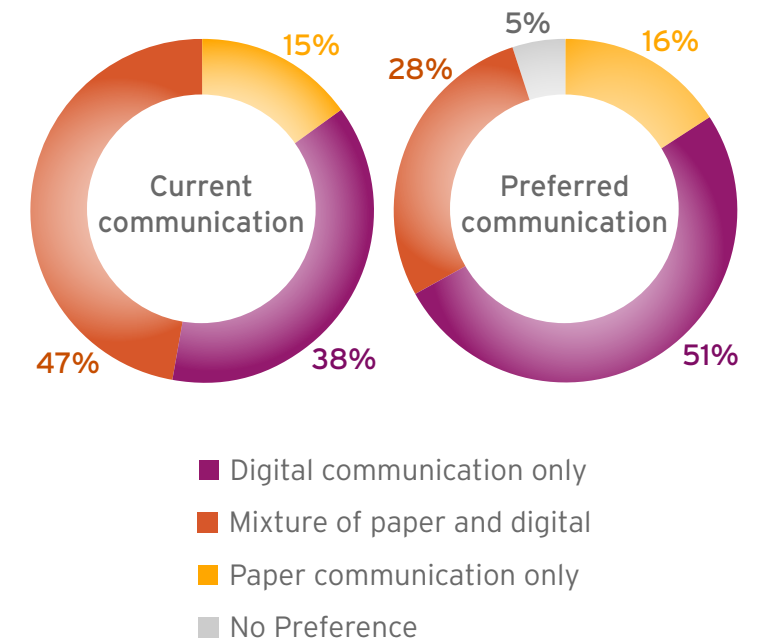
Exploring evolving consumer preferences

Our research shows that consumers have a considerable appetite for digital communications with early indications from the Asian market suggesting consumers are seeking superiority from digital communications when compared to paper.

The data shows that globally, **all industries surveyed are falling behind consumer expectations for digital communications**. The Utilities sector comes closest to meeting demand with 46% of consumers already receiving solely digital communications. 51% of consumers across all providers want to receive 100% digital communications.

Although consumers value essential communications, the expectation is that **digital communications should meet or exceed their printed counterparts for clarity and ease of use**. Providers should consider this when designing customer experiences and contemplating communication options, to ensure their communications are clear, simple and altered to suit consumption via digital channels.

Digital or paper communication preferences across all regions



Consumer preferences: paper vs digital

When asked if consumers prefer paper or digital communications, 28% indicate a preference for a mix of both. However, when given the option to choose how they would like to receive communications, we find that preferences are varied. Some consumers prefer a 75/25 mix of digital to paper communications, while others prefer a 25/75 mix, but the majority (61%) clearly indicate a preference for digital.

These results vary slightly by industry, but overall, there is a much stronger desire for digital than paper communications. We also see variances in generational preferences, but not as much as might be expected. Boomers sometimes exceed Gen Z and Millennials in their preference for digital, especially in the Utilities and Personal Banking sectors - **69% of Boomers prefer 100% digital communications in the Utilities sector, far outweighing Gen Z and Millennials.** As to be expected, the Silent Generation showed a stronger preference for paper communications across the board.

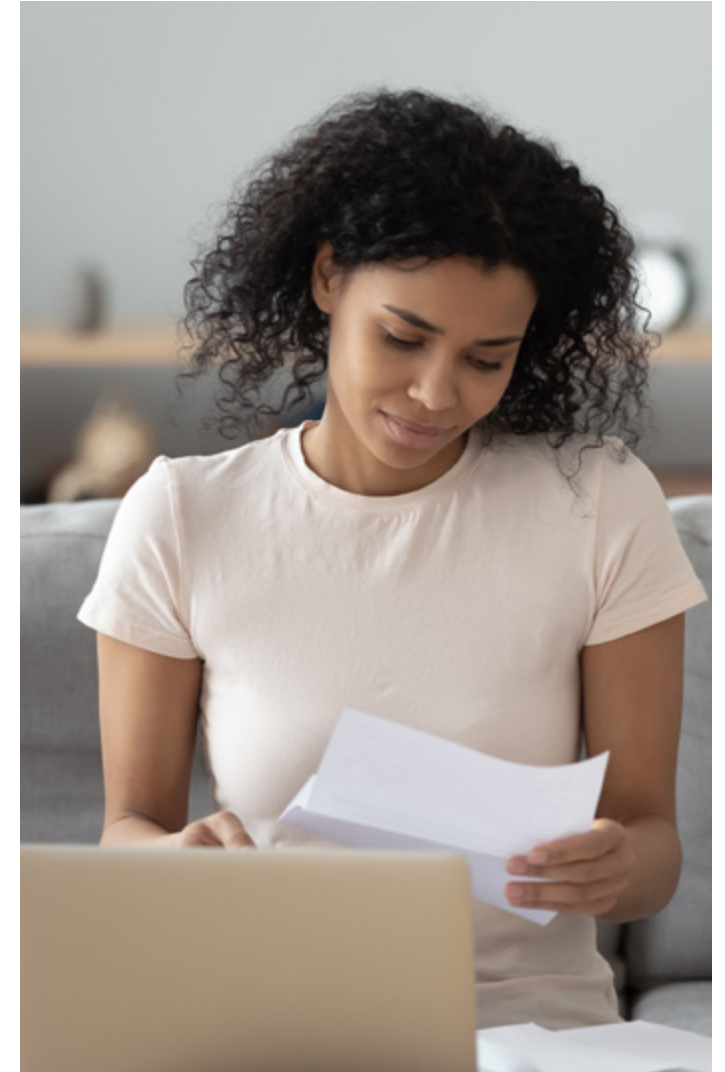
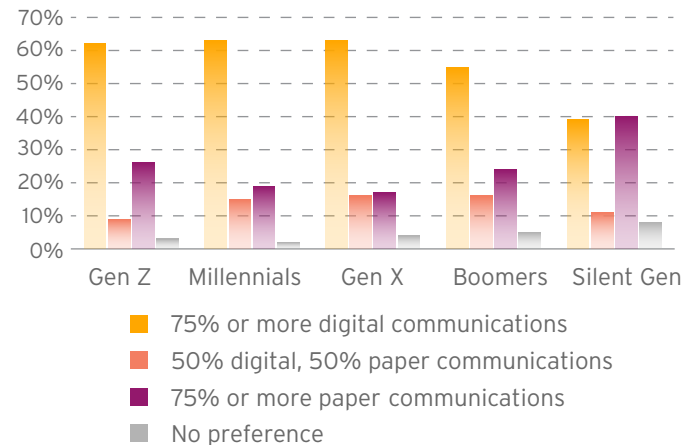
The clear message from this data for providers is that now is the time to deliver omnichannel experiences to your consumers, allowing them options for their channel of choice. In doing so providers will be more likely to capture consumer attention and maintain the relationship as they embark on their digital transformation journeys.



No matter how you segment, there are behaviors that cross all demographics and it is these behaviors you need to target first to deliver universal benefit to your customers



The demand for digital - generation preferences





The demand for digital continues to grow

Consumers now have a greater propensity to migrate to digital communications than in previous years, but they are also demanding their providers offer a superior experience. Surprisingly, our findings showed that **regardless of the digital maturity level of each market, consumers are seeking to migrate to digital communications at the same rate.** This means, in markets and industries that are slower to embrace digital communications, digital entrants could easily lure customers with the concept of easy to use digital communications and transactions.

“**48.5% of consumers who still receive paper communications plan to move to digital communications in the next 12 months**”

Today, providers seek to offer consistent customer experiences across paper and digital communications. Consumers, particularly in the Asian markets, indicate that the digital communications experience is superior to the paper experience, meaning this could be what lies ahead for the western markets in the next few years.

The demand for digital communications is gaining momentum and will continue to grow as the digital landscape evolves to deliver more engaging, interactive and superior experiences.

Across the globe, **the Wealth Management sector falls short of meeting consumer preferences** for digital communications, especially in China and Hong Kong, where preferences for digital communication are extremely high (**68%** and **60%** respectively).

Utility providers in the United Kingdom come close to meeting demand, with **49%** of consumers currently receiving digital-only communications from their providers, and **57%** indicating a preference for digital only.

The Canadian Personal Banking sector isn't far behind, with **47%** of consumers currently receiving digital communications and **55%** preferring digital only communications.

The benefits of digital communication

As providers promote digital communication solutions to their customers, it is helpful to understand the benefits consumers derive from digital communications.

When asked, they indicated the top three considerations were: **better for the environment, faster access to information and easier to manage documents.**

Further analysis of these results by demographic, shows that Gen X and Boomers feel strongly about environmental benefits, while ease of document management was more important for Millennials.

Consumer preferences for essential communications are not the same as their preferences for marketing communications (marcomms). While marcomms are focused on hyper-personalization and utilizing social media channels, essential communications are most often consumed by email and PDF.

Understanding consumer preferences around digital benefits can support providers in using segmentation to present the right message to each consumer in their preferred way.

The results also revealed that **61% of consumers would welcome digital versions of documents that are required to be sent in physical form** (either by law or regulation).

This shows that as societal norms and attitudes change, it is important to find alternative measures to support interactions with consumers.



Undertaking regular reviews of essential communications, from customer journey to templates and content, can help providers ensure they are meeting consumer demand for digital channels.



Postal services, once considered the foundation of our society and therefore relied upon for certainty of delivery, have struggled to keep pace during the pandemic. This has been due to an overwhelming number of consumers choosing to utilize e-commerce for transactions they may not have conducted digitally prior to the pandemic.

This is an evolving space and one that providers should keep a watchful eye on as consumers continue to progressively demand real-time digital interactions and communications.

Key benefits consumers care about when considering digital communications:



better for the environment (**53%**)



faster access to information (**50%**)



easier to manage documents (**41%**)

Part 2:

Understanding ^{the}
consumer experience
^{with}
digital
communications



Examining the consumer experience

Today, most organizations try to deliver an equitable customer experience across both physical and digital channels for essential communications. In the Asian market, particularly in China, we saw that consumers believe digital channels provide a superior experience.

This difference could be due to the presence of WeChat in the Chinese market which provides a single interface for users to access many services, whereas in the western markets there are multiple apps through which consumers can receive digital communications.

This still poses the question - **can we make digital communications the superior channel and the channel of choice for consumers?** We believe that the answer is yes; but there will be a few hurdles to conquer before this can be achieved.

Some of the questions to consider are:

- Is providing a superior digital experience perceived by regulators or law makers as discriminating against demographic segments who are not able to access these channels?

- Regardless of the legal and/or regulatory implications, does your business take the view that you want an equal customer experience across all channels?
- Which digital channels are the right ones? In China, communications are directed through a single application, but with consumers in other markets seeking a choice of application, how can providers offer a seamless and consistent experience while seeking digital superiority?



By engaging with partners who understand global, cultural and industry differences, organizations can achieve optimal results when designing communications to meet consumer needs



All generations are willing to accept the move to digital if the transition is made easy. By highlighting the benefits of digital communications, providing a user-friendly website experience and tutorials on how to access or read communications and nominate their preferred communications channel, providers can make the migration to digital far less of a sticking point.



Globally **60%** of consumers feel their provider communicates equally across digital and physical channels and only **23%** feel communication is better via digital



In China **47%** of consumers feel communication is equal across formats, and **44%** feel digital is better

Consumer device preferences

Recent studies have shown there is a definite ‘pandemic effect’ on demand for PC-based devices. With consumers working, gaming and streaming from home, combined with constraints in the supply chain, hardware suppliers have been struggling to keep up with demand throughout both 2020 and 2021.

The International Data Corporation (IDC) forecast for PC and Tablet demand for the 2021-2025 period^[1] suggests that as pandemic restrictions begin to ease, we will see consumer spending shift toward travel and leisure - areas highly impacted by the pandemic - but demand for personal computing devices will remain higher than anticipated.

We believe that this heightened use of personal computing devices during the global pandemic has impacted the way in which consumers digest their essential communications. Less time is spent commuting to work, traveling and, more time spent at home in general, may have led to a shift in how consumers access communications.

Does this mean that the rise of mobile devices for consuming communications is in decline?

Unlikely. What it does mean is that providers should design communications aimed at the consumer’s channel of choice. Because the device a consumer orders groceries on may not be the same device they want to read their bank statement on.

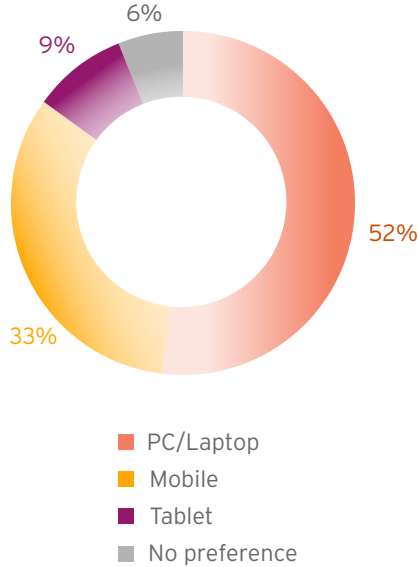
In fact, the consumer may choose multiple channels for the same provider depending on the time of day, the size of the transaction, or the importance of the communication.



52% of consumers prefer to use a desktop or laptop PC to receive digital essential communications, and 33% prefer to use a mobile phone



Device preferences for viewing essential communications



^[1] Digital Trends, August 2021, “Demand for PCs will stay strong in 2021, but the future doesn’t look as bright”, <https://www.digitaltrends.com/computing/pc-demand-will-continue-to-rise-in-2021-says-idc/>



The communications experience on mobile

Of those consumers who prefer to receive digital communications via their mobile phone, an overwhelming proportion (64%) prefer to receive digital communications via email rather than via an app (29%).

Although we receive many emails each day, email offers the option to manage all communications from multiple providers in a single location. Most consumers check their emails regularly, making it easier file, print and action communications from one place.

While apps offer a direct line to consumers notifications and home screens, email is still the more dominant channel of engagement with **99% of email users saying they check their inbox every day, with some checking up to 20 times a day^[2]**.

Apps still offer an important communication channel, but they must be used with careful consideration. Consumers are used to being 'spammed' in their email inbox, and although they don't necessarily like it, it is widely accepted.

While apps offer a direct communication line to the consumer via push notifications, the content needs to be important, relevant and targeted to the consumer, otherwise providers risk losing that channel altogether with the flick of a toggle switch in device settings.



In Canada, consumers prefer to receive digital communications via email (**71.3%**) when using their mobile phone. This was highest for the Wealth Management sector (**81%**) in this region.

^[2] OptinMonster, August 2020, "Is Email Marketing Dead? Statistics Say: Not a Chance", <https://optinmonster.com/is-email-marketing-dead-heres-what-the-statistics-show/>

How consumers manage digital communications

We asked consumers how they manage their digital communications, to better understand the processes they use and the benefits they derive.

Some of the results were as expected:

- Most consumers either save their digital communications into a specific folder in their inbox or download it to their computer/upload to the cloud.
- Email attachments from Wealth Management providers are opened and read more often than in other sectors.
- One of the main reasons consumers open an email attachment is to check that the information is correct.
- Boomers read attachments from their Wealth Management providers significantly more than other generations.

Other results however were more surprising, or have interesting implications for providers:

- **In the U.S., consumers (19%) who receive Wealth Management emails print the attachment and then save it digitally as well.** When promoting email communications as an environmentally friendly option, these providers may be able to provide enhanced communications around access via portals or similar capability to minimise the frequency of consumers printing attachments.
- **Gen Z and Millennials like to check the information in the attachment, pdf or link matches the summary email, much more than Gen X and Boomers.** This is surprising, given that these generations are considered digitally native, and would be considered more likely to trust that the summary was accurate than older generations.



In the U.S., **33%** of consumers open the attachment to check the T&Cs.



39% of consumers read the summary email and always read the attachment/link, or only click the attachment/link if they need more information.



In China, **55%** of consumers believe attachments from their Wealth Management provider is important so has to be read.



Boomers (**48%**) always read the attachment from their Wealth Management provider when compared to other generations.



Millennials like to read the T&Cs more than any other generation.



Leaving emails in their inbox was a popular choice for consumers in the Personal Banking (**24%**) and Utility sectors (**23%**).

Part 3:

Exploring ^{the} connection between
comprehension ^{and}
propensity
^{to} **churn**





The impact of comprehension on cost to serve

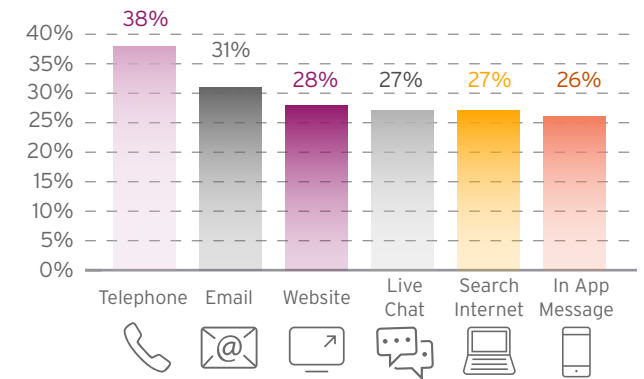
Cost to serve is always high on the agenda for businesses that deal with large volumes of consumers and manage essential communications. Trends continue to show that globally (outside of Hong Kong and China), **when consumers do not understand communications from their provider, their first response is to phone the call center.** In fact, four of the top five preferred methods of contact are all human resource heavy and require staff to spend valuable time researching and resolving queries.

This ultimately increases the cost to serve customers, and **providers should consider regular reviews of their essential communications to ensure that their messaging is clear and consistent** in order to reduce call center volumes and call length.

If communications are clear and concise from the outset, much of these operational headaches can be minimized. In fact, **unclear communications may result in customer churn before any other indicators can be measured.** So proactively reviewing and testing the clarity of communications is key to successfully managing this aspect of your business.

Interestingly, consumers from Australia and the UK indicated the highest propensity, across all industries surveyed, to use the online chat function on a provider's website to address concerns with their communications.

Action taken when communications are difficult to understand



The impact clarity has on trust and churn

Consumers indicate that clarity of communication impacts the level of trust they have in their providers. Providers that don't offer easy to understand content risk causing consumer frustration, confusion and annoyance.

Over half (52%) of consumers surveyed said they were either very or extremely likely to switch providers if they continued to receive communications that were difficult to understand.

These trends were consistent across all industries, but the Wealth Management sector showed the greatest trend towards churn (58%). This can, in part be attributed to the fact that this sector is most often dealing with high-net-worth individuals, or significant long-term investments such as superannuation accounts, which means that consumers are more discerning and may be more likely to act when confused or frustrated.

The Personal Banking sector showed the lowest propensity to churn at 44% - which as a standalone number, is not low. This again is not surprising considering the level of paperwork and red tape

involved when switching Personal Banking providers. This may act as a deterrent to churn and result in consumers having a higher tolerance for poor communications.

Personal Banking providers should note that as open banking enters global markets this stands to reduce complexity when changing providers and may lower this tolerance threshold. Recent studies indicate that more than 2.5 million consumers in the UK have already begun to use open banking-enabled products^[3].



When consumers consistently receive communications that are unclear, they expressed frustration, confusion and annoyance as their most common reactions



^[3] GoCardless, June 2021, "Trailblazers and latecomers: open banking around the world", <https://gocardless.com/en-au/guides/posts/open-banking-around-the-world/>


When receiving poor communications, **Gen Z, Millennials and Gen X were significantly more likely to feel stressed compared to Boomers** (across Personal Banking, Wealth and Insurance sectors), and when it came to Utilities they were more likely to feel confused and angry.

The three younger generations also were more likely to switch providers compared to Boomers. Providing a good experience, especially to those aged Gen X and below will help build brand loyalty, and in the days of social media and online reviews, help protect your brand.




Gen Z, Millennials and Gen X are significantly more likely to switch providers compared to Boomers and Silent Gen






52% of consumers would switch providers if they consistently received communications that were difficult to understand.

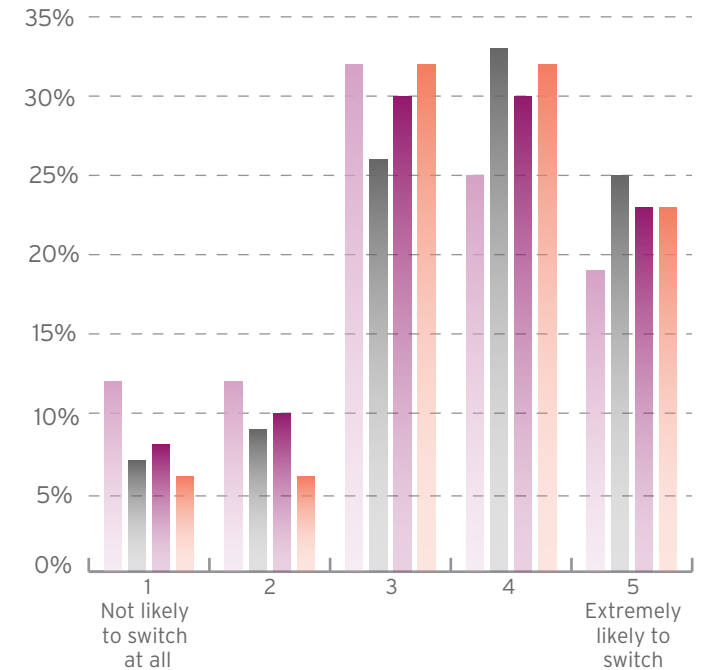


55% of consumers state that the clarity of communications from their provider makes them trust them more.



In the U.S., over half of all consumers (**54%**) would switch providers if they continuously received communications that were hard to understand. In UK and Germany there were more neutral responses.

Likelihood of switching providers if communications are difficult to understand



- Personal Banking provider
- Wealth Management provider
- Insurance provider
- Utilities provider

Meeting consumers expectations is key to managing churn

The diagram shows how **providers who are in the infancy of their customer communications journey have a much larger margin of churn** than those at a more advanced stage. This is a moving target, and the risk of churn continues to rise if communications aren't reviewed regularly.

Without a regular review of essential communications, it becomes more difficult for providers to close the margin of churn, even with the digital uplift. With customer expectations for communications continually increasing, providers need to regularly ensure their communications are up to the standard expected by their customers, or risk increasing the margin of churn.

If essential communications are designed with a 'set and forget' approach, there is the risk that providers will fall behind those who are reviewing communications regularly and keeping up with best practice and therefore creating a better customer experience.

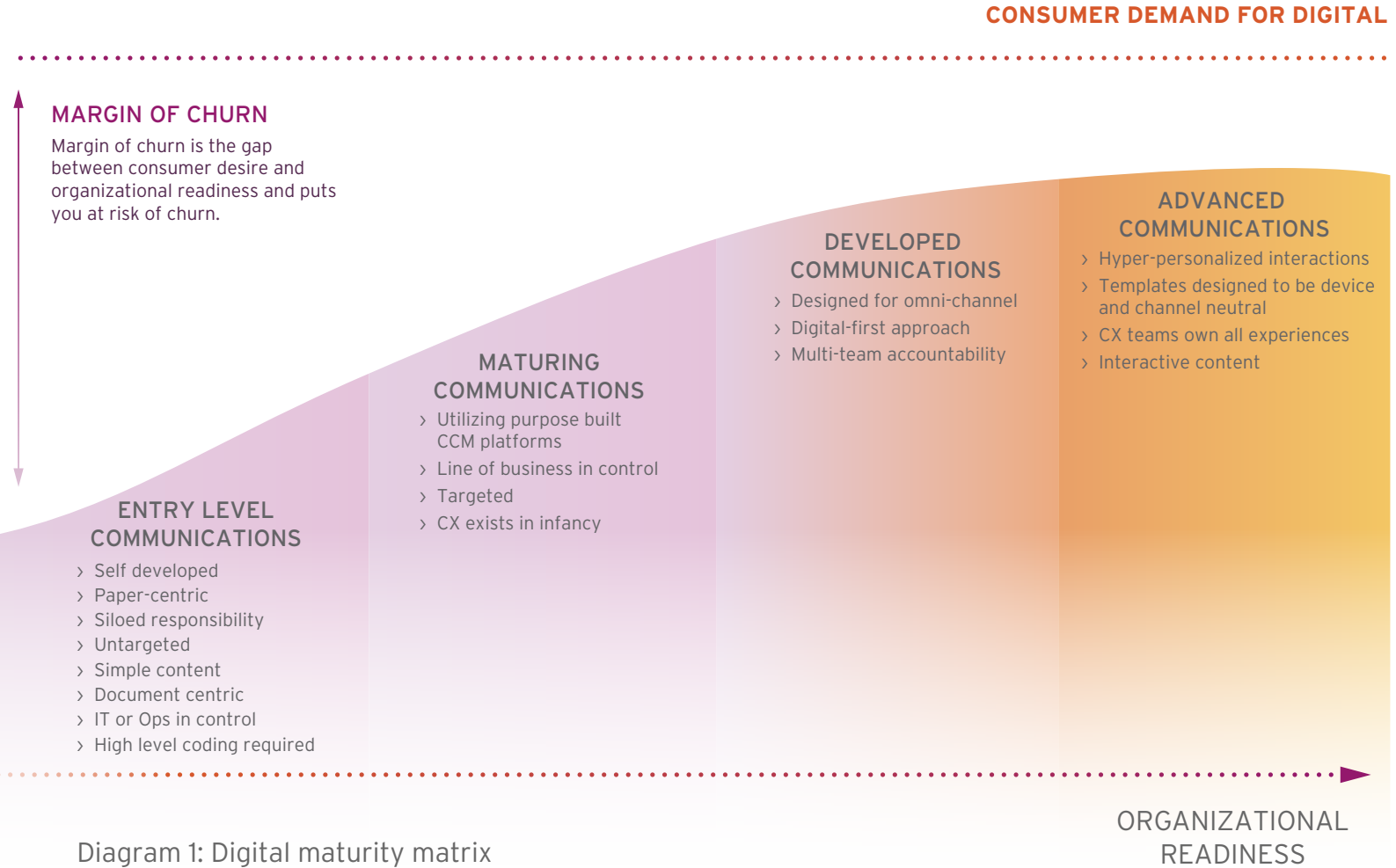


Diagram 1: Digital maturity matrix



Conclusion

Throughout this study, we have witnessed the consistent demand for digital communications across the globe and have evidenced that consumers are seeking digital experiences more than ever before.

There are some surprising findings, including the fact that consumers are still seeking to consume their essential communications primarily on laptop/desktop devices and that the Asian market is showing digital communication experiences are superior to paper ones.

The key message for providers is to focus on delivering consumers the experience they desire that fits with their customer journey. True omnichannel communications should be the goal, to allow your customers to interact with you in their preferred way.

Regional Insights

UK

- Most likely to ask friends and family when querying communications
- Utilities are closer to meeting consumer demand for digital communications than other sectors
- Responses from consumers when communications are unclear:
 - Call their provider 29%
 - Live chat with their provider 27%

China

- 76% of consumers plan to move to 100% digital in next 12 months
- 76% believe their data is better protected digitally
- Responses from consumers when communications are unclear:
 - Email their provider 53%
 - Call their provider 50%
 - Message their provider in app 50%

Hong Kong

- Consumers feel digital communications are superior
- Less comfortable with tracking than other regions
- Responses from consumers when communications are unclear:
 - Search the internet 43%
 - Call their provider 37%

Germany

- Not meeting consumer demand for digital communications
- Strong preference for PC/Laptop in German market
- Less consumers plan to move to 100% digital than other regions
- Still strong preference for digital communications
- Responses from consumers when communications are unclear:
 - Call their provider 38%
 - Email their provider 31%

Australia

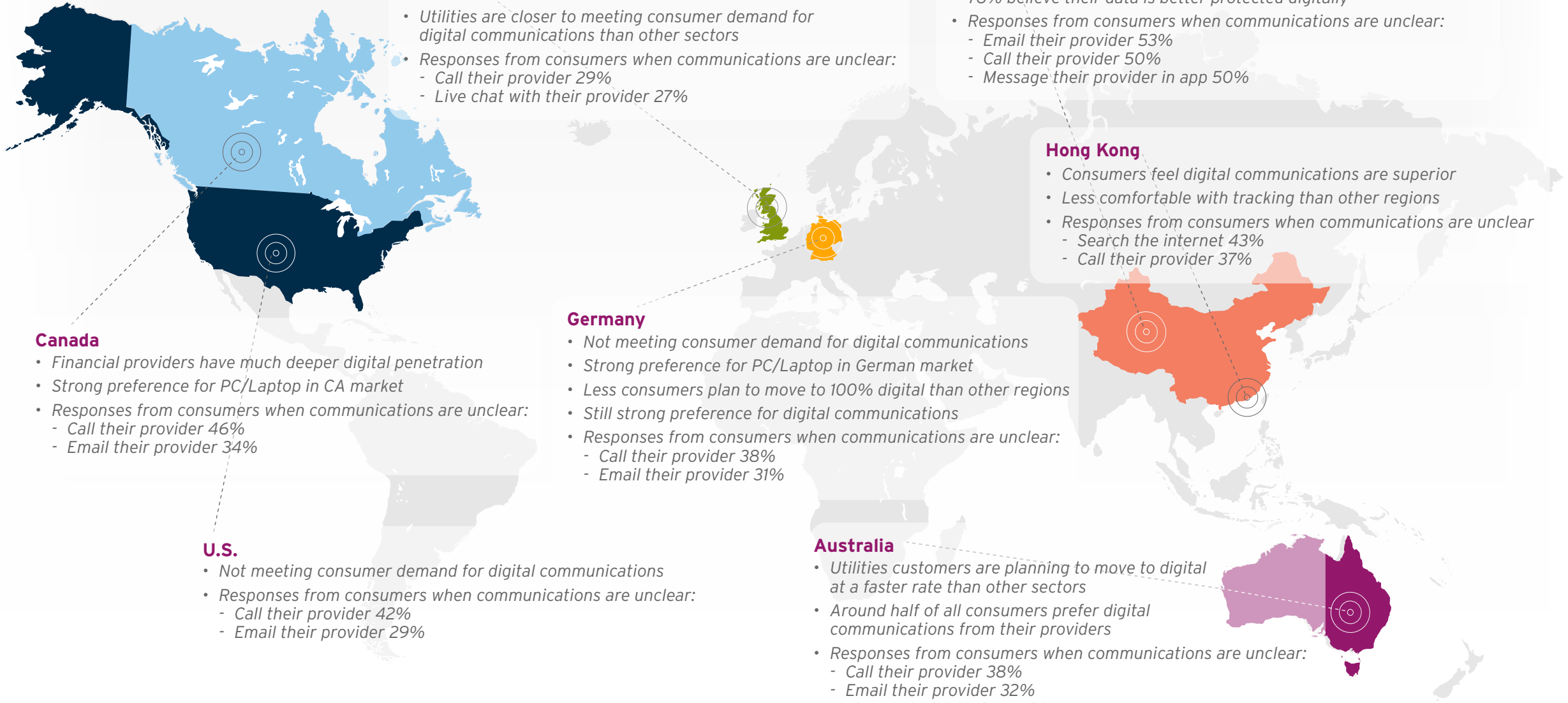
- Utilities customers are planning to move to digital at a faster rate than other sectors
- Around half of all consumers prefer digital communications from their providers
- Responses from consumers when communications are unclear:
 - Call their provider 38%
 - Email their provider 32%
 - Live chat with their provider 32%

Canada

- Financial providers have much deeper digital penetration
- Strong preference for PC/Laptop in CA market
- Responses from consumers when communications are unclear:
 - Call their provider 46%
 - Email their provider 34%

U.S.

- Not meeting consumer demand for digital communications
- Responses from consumers when communications are unclear:
 - Call their provider 42%
 - Email their provider 29%



Methodology

About Computershare Communication Services

Computershare Communications Services (CCS) is a wholly owned subsidiary of Computershare Limited. We started life 30 years ago as a print and mail house supporting our parent company in the printing and distribution of clients' share registry documentation. Today, we have grown into an omnichannel communications business specializing in essential and transactional communications to support not only our parent company but many other businesses around the globe. We operate in 5 key markets: Australia, USA, Canada, UK and Germany and specialize in 4 key industry verticals: Finance, Wealth, Insurance and Utilities. Our services range from transactional communications consulting to omnichannel distribution, secure image storage and business process outsourcing.

Our worlds combine where CCS uses the Quadient Inspire platform to create and deliver personalized, compliant customer communications across all digital and traditional channels, from one centralized hub.

About Quadient

Quadient is the driving force behind the world's most meaningful customer experiences, helping hundreds of thousands of customers worldwide simplify the connection between people and what matters. Quadient's award-winning Inspire suite helps large organizations manage customer journeys, and design, manage and deliver personalized, accurate and compliant communications across all channels, from one centralized platform.

About this study

We chose Coleman Parkes to conduct our consumer study.

Coleman Parkes is a UK based market research company specializing in B2B and B2C research studies globally. The team designed and executed a study of 5,000 consumers to assist in the understanding of consumer sentiment toward essential communications.

	U.S.	Canada	Germany	UK	Australia	Hong Kong	China
Finance	✓	✓	✓	✓	✓	-	-
Wealth	✓	✓	✓	✓	✓	✓	✓
Insurance	✓	✓	✓	✓	✓	-	-
Utilities	-	-	-	✓	✓	-	-

Study focus by region and industry



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The information in this document is provided solely as a summary of the key findings from the consumer study conducted by Coleman Parkes and is subject to the scope, qualifications, assumptions and limitations and other parameters contained in that study and is not intended for any other purpose. The information is intended to provide a general overview of the relevant subject matter and does not constitute advice of any nature. The Computershare Group accepts no responsibility for the accuracy or completeness of any information herein contained. It is important that you seek independent professional advice relating to the subject matter of this document before relying on this information. The Computershare Group reserves its rights to amend this document at any time.

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