

# Why Your Customers Hate Your IVR System... and What You Can Do About It

## Executive Summary

Interactive voice response (IVR) systems have a reputation—in many cases well deserved—for predisposing customers to take their business elsewhere. Most companies deploy voice self-service applications to cut staffing costs, and many believe that reduced customer satisfaction is a necessary tradeoff for the savings they get.

But there are other compelling reasons for using IVR systems. Properly designed, they can actually enhance customer satisfaction and they also have the potential to increase revenue by extending your business hours and your market reach.

To get the most out of your IVR system and to avoid the pitfalls that lead to disgruntled customers, you have to:

- Know what functions can be successfully automated and how to design effective applications
- Take advantage of advanced IVR technologies
- Employ proven best practices, no matter what technology you use

This white paper deals with the issue of customer aversion to IVR systems by exploring potential pitfalls, describing new technologies and offering practical advice about how to create voice self-service applications that promote customer loyalty while helping your business contain costs.



*Welcome to the Contingencies.com automated insurance claim filing system. If your claim falls into category 1, 3, or 7, press 1. If your claim falls into category 4 or 5, press 2. If your claim falls into any category other than the ones already mentioned, press 3. For a description of claims categories, refer to page 15, subparagraph 7a of your Contingencies.com insurance policy, or press 4. If you would like to speak to a claims representative, press 5.*

What number would you press? You would press 5 right? So will all of your customers. And, no one would want to be the claims representative who answers this call.

If your IVR system sounds anything like this, then you've defeated one of the purposes of having it, since your agents are going to have to handle the calls anyway. Worse still, you've done immeasurable damage to customer loyalty. When it is time to renew their insurance policies, your customers will remember the frustration they faced trying to decode your confusing prompts.

To put it bluntly, a lot of people hate IVR systems, or "phone trees" as they are commonly called. They're the topic of angry anecdotes told around the coffee maker and the copy machine, and all too often, they're the reason that customers shift their loyalty from one company to another.

But it's not really IVR systems that customers hate—it's the applications some companies develop for them. The technology itself is neutral—just as capable of making life easier as it is of causing frustration. And many companies use voice self-service to create positive experiences that build customer loyalty.

Do your customers genuinely hate your IVR? If so, what are you going to do about it?

### **If They Hate It, Why Even Have One?**

Let's get an even more obvious question out of the way first. If IVR systems frustrate customers, why should you use them? Why not use live agents exclusively to handle incoming customer calls? Wouldn't that make good business sense, even if all those live agents cost more than voice self-service systems?

The answer is simple. Properly applied, IVR systems yield a range of business benefits that make them worthwhile. And when properly applied, they increase rather than reduce customer loyalty. Here are three sound reasons for using IVR technology in your contact center.

### **To Improve Customer Satisfaction**

When used properly, self-service applications contribute to customer satisfaction in several ways. For one thing, they can reduce queue times. If there's anything customers like less than dealing with IVR prompts, it's waiting on hold until an agent becomes available. Most typical contact center transactions are routine inquiries that can be easily automated, so by using your IVR to handle these transactions, you free up your agents to handle more of the transactions that require live service. Customers spend less time on hold and abandon fewer attempts to get in touch with your company.

IVR systems can be used to provide your customers with extended service hours. Most contact centers can't afford to staff live agents around the clock, but with self-service applications, you can deliver cost-effective 24 x 7 x 365 service.

Self-service applications also offer privacy. There are some transactions that customers prefer not to discuss with agents. A customer who wants to see if he has overdrawn his checking account might not want to speak with an agent. A healthcare customer who is calling to get medical test results might be more comfortable hearing the results read by a text-to-speech application rather than by a live agent.

### **To Increase Revenue**

Customer self-service applications can also be revenue generators. Extended hours of service, for instance, also mean extended opportunities for doing business. By letting your customers use IVR systems to order products and services, you create around-the-clock revenue streams.

Because self-service applications extend your market reach, they can also be used to generate around-the-world revenue streams. If your company depends entirely on live-service transactions, then to conduct business in other time zones you either have to maintain a 24 x 7 x 365 operation in one location or build and staff contact centers in various time zones. IVR systems allow you to economically extend your business reach across time zones.

Last but not least, by using an IVR system for routine information requests and simple service transactions, you free your trained agents to concentrate on closing sales, cross-selling and up-selling.

### **To Reduce Costs**

The most often cited reason for using self-service applications is to reduce costs. It is a well known fact that staffing expenses account for between 60 and 70 percent of contact center costs, and with the cost of an agent call averaging US\$5.50 per hour, driving customers to self-service through less expensive channels such as IVR systems, which average only 45 cents per call, is critical to increasing profitability. (Drew Kraus, "Immovable Objects & Irresistible Forces: Call Centers, the Internet and CRM," Gartner, July 31, 2001)

Salaries are not the only expense associated with staffing. Your agents are costing you money if they don't have all the skills they need or don't meet your service expectations. If you have to compete with other contact centers to hire competent agents and raise salaries to keep your staff, that costs money too. And, if your training budget amounts to two or three months salary per agent and your turnover rate is 25 percent per year, you're spending significant sums on things, which are not delivering any return.

Facility costs are another expense. Agents need buildings to work in, chairs to sit on, and computer stations. An IVR system, by comparison, requires very little.

Self-service applications can reduce another major contact center expense—PSTN charges. Because IVR systems reduce wait time and talk time, your toll charges could also decrease.

### **What You Might Be Doing Wrong and How to Fix It**

If IVR systems can do all these things for your customers and your business, then why do customers hate them?

Here are the three main reasons for the bad reputation of IVR systems, along with some tips about how to avoid the pitfalls of self-service applications.

#### **Are You Automating the Wrong Applications?**

Many of the jokes and the horror stories about IVR systems stem from automating the wrong kinds of applications. If your customer wants to check a credit card balance, then IVR is probably the way to go. If your customer wants to report or cancel a stolen credit card, then the reassuring voice of a concerned and competent live agent can prevent your company from becoming the star of tomorrow morning's "You won't believe what happened to me" story. If your customer wants to transfer \$200 into an online trading account, she'll probably perceive self-service as a convenience. If she wants to sell 2,000 shares of stock at a \$40,000 profit, then she'll want to talk to one of your brokers.

### Functions That Various Industries Have Successfully Automated

#### **Financial Services**

- ATM locator
- Account balances
- Transaction confirmations and listings
- Interest information
- Check reordering

#### **Government**

- Vehicle license renewal
- Personal and sales tax filing
- Social Security benefits processing
- Emergency transportation information

#### **Healthcare**

- Claim status
- Benefits administration
- Prescription refills
- Patient eligibility
- Physician locator

#### **Insurance**

- Annuity account management
- Claims filing
- Coverage verification
- Policy renewals
- Rate information

#### **Retail**

- Customer account information
- Exchange and return information
- Order processing and status
- Store locator

#### **Utilities**

- Automated trouble tickets
- Account inquiry and change
- Outage information
- Meter readings
- Start and transfer service

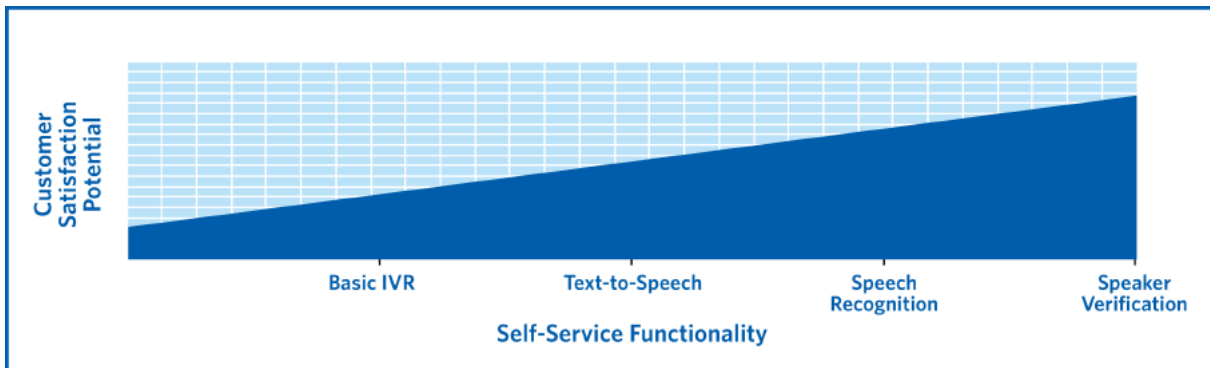
Bottom line: Before you decide to automate an application, look at it from your customer's point of view. How complex is the transaction? How important is the outcome to the customer? What emotional state is the customer apt to be in when making this request? Is the customer more likely to appreciate privacy or human contact in this situation?

If you automate the wrong transactions, your customers have every reason to hate your IVR. Automate the right ones, and they'll love you for it.

#### **Are You Using Outdated Technology?**

Whether customers respond negatively or positively to self-service applications often depends on how you use the technology associated with your IVR system. The most basic form of IVR uses recorded voice prompts to instruct the caller, then allows the caller to select options and enter information by pressing keys on the touch-tone keypad. This basic technology is suitable for only the most elementary transactions, and if you're trying to use it for more complex transactions, you're probably annoying your customers.

IVR technology has advanced significantly over the last few years, and features such as text-to-speech, speech recognition and speaker verification now make it possible to create powerful self-service applications that allow customers to conveniently conduct business in ways that earlier IVR technology couldn't support.



Even the simplest customer self-service applications have the potential for significant short-term return on investment while satisfying customer expectations. The more functionality you add, the greater the potential for delighted customers and ROI that exceeds your expectations.

### Are You Using the Technology Ineffectively?

Any technology can be misused. Here are some practical tips to help you patch up the relationship between your customers and your IVR system, whether you're using basic technology or the latest innovations.

#### Basic IVR Tips

The following best practices work whether you're using a basic IVR system or one with advanced functionality.

- Understand your users: If you have many different levels of proficiency among users, consider providing different prompting levels to meet their needs, allowing users to self-identify their level of proficiency.
- Offer introductions for new users.
- Allow experienced users to make selections without having to listen to all messages.
- Include agents and customer service reps on your design team, and prototype and test with users at varying proficiency levels, beginning with your own organization's employees first, before testing externally.
- Keep the application as flat as possible. Keep menu choices to between three and four wherever you can.
- Flow-chart your application structure to ensure that branches are relatively consistent in length.
- Announce the menu function first, and then tell what key activates it. Tell users early how to navigate around the system and how to get help.
- Present the most important or commonly selected items first.
- Keep messages short and place verbal emphasis on keywords.
- Use silence to convey structure: short pauses between menu items and slightly longer pauses between menus. Avoid long pauses, as they will confuse users.
- Use careful wording, tone of voice, audible tones and logical sequences of information to convey context and structure. Prompts should be short but not terse.
- Read prompts aloud before implementing to uncover awkward or ambiguous phrases.
- Confirm choices verbally so users are confident and understand where they're being taken.
- Ensure that users are able to go back to previous menus, as well as to the main menu from anywhere in the menu structure.
- Consciously shape your system's personality or identity. Select a voice that is both welcoming and confident, expressive or "perky", rather than monotonous or dull, and use logical criteria to decide whether to use a male or female voice.

### Text-to-Speech

Text-to-speech (TTS) software translates written language into natural-sounding speech that can be used in a dialogue with a caller. This technology is especially appropriate for information that changes regularly and cannot, therefore, be pre-recorded.

Text-to-speech applications can be used to deliver information such as:

- Up-to-the-minute service call information
- Airline departure information
- Claim status
- Power outages and areas of failure
- Stock market status
- Bank balances [any others?]

Text-to-speech applications have been around since the early 1990s, but today's versions are considerably more effective than their robotic-sounding predecessors. Before, you had to choose between TTS-only applications, which limited you to a single speaking style and weren't capable of answering some kinds of questions, or prompt-only applications that had their own limitations because you couldn't record a prompt for every situation and you couldn't easily update prompts.

You could combine the two types of applications, mixing TTS with recorded prompts, but it was practically impossible to match the TTS voice with the recorded prompts, so most contact centers simply used one technique or the other and had to live with the limitations of the type they chose.

Today, however, TTS capabilities have advanced significantly. It is now possible to generate such natural-sounding speech that you can blend recorded prompts with TTS words and phrases so seamlessly that the listener can't tell which words were recorded and which were generated.

This means that you can deploy IVR applications that enable your customers to perform more sophisticated transactions than ever before. You can greet every caller by name and make individually tailored suggestions, all in a friendly, consistent human voice that you have chosen to fit the occasion or the customer.

Ultimately, TTS enables you to eliminate the expense and inconvenience of recording prompts in a studio. You can type prompts as text and then use TTS to generate the spoken version. And since you can revise your recorded text at the keyboard rather than in a sound studio, you can change your applications more quickly in response to dynamic business conditions.

### Speech Recognition

Speech-recognition software is another important advance in IVR technology. These applications can "understand" the words and phrases that callers speak into the telephone and can trigger appropriate responses.

Speech recognition offers two important advantages:

- It is much easier for callers to enter information. Using the touch-tone keys, especially on a small cell phone, is awkward and error-prone. With speech recognition, the caller can enter long number strings, alphanumeric sequences, words and even sentences quickly and easily.
- It makes it possible for you to deploy much more complex applications on your IVR system, effectively increasing all the cost-reduction benefits of self-service. The more you can automate specific customer interactions, the lower your staffing expenses. The faster your customers conduct these transactions, the lower your PSTN costs.

*In this example, speech recognition reduces the time required to prompt a caller for information by 1,000 percent. Multiplying this time savings by tens of thousands of calls results in dramatic PSTN savings.*

#### **With Recorded Prompts and Touch-tone Input**

**(30 seconds)**

To continue and request credit now, press 2.

To request credit using this system, I will ask you to use your telephone to enter the amount to be credited to your bill in dollars and cents.

You must enter numbers for the cents, even if they are zeros, but you do not have to enter a decimal point.

For example, for a credit of two dollars and thirty-five cents, you would enter two,three, five.

#### **With Speech Recognition**

**(3 seconds)**

How much would you like me to credit to your bill?

Like any technology, though, speech recognition must be properly employed. Here are some tips for creating effective speech-recognition applications:

- Add a help message at the beginning of a call or while the call is in progress. Prompts such as—"As a new user, would you like some help getting started?" and "If at any point you need more information, say 'Help'"—makes callers more comfortable with automated service and enables them use the application more efficiently.
- Ensure your prompts are easily understood. Instead of "Say your ten-digit prescription number," make sure the caller knows where the number is and what to do if it isn't available: "Say the ten-digit number in the upper-right corner of the label on your medicine. If you do not have the number, say your telephone number instead."
- Allow sufficient time for callers to provide the information for which you have asked.
- Be prepared for the unexpected. If background noise or an out-of-grammar response prevents the speech-recognition application from understanding the caller's input, use a prompt like "I'm sorry, I didn't understand that. Let me transfer you to an agent." Avoid responses that trap the caller in an endless loop, such as: "Please say the address." "Start over." "Sorry, I don't understand. Please say the address." "I want to start over." "Sorry, I don't understand. Please say the address."
- Make recovery prompts more comprehensive. Use phrases like "Excuse me?" as rapid re-prompts when input is not understood, or give callers multiple options with prompts like "For more detail, say 'Tell me more,' or to skip ahead, say 'Next.' For more options, say 'Help.'"
- Be aware of words and numbers that sound alike and might confuse the speech recognition application. "qtc.com," for instance, sounds like "cutey see dot com."
- Use constraint mechanisms and confirmation lists to check alphanumeric input. Alphanumeric strings are the most difficult input for speech-recognition systems to handle and the success rate with long strings is low. Build your application so that the input is compared to the two or three closest matches in the database, and then ask the caller to confirm: "Did you say oh-aich-zero-zero-seven-one-seven-three-ay-four-nine-two-three?"

If the caller says yes, the transaction continues. If the caller says no, the application presents the next-closest match for comparison. (A word of caution, though: don't use this technique with secure number strings like credit card numbers.)

### **Speaker Verification**

Speaker verification, one of the most advanced of all IVR system features, simplifies one of the most cumbersome processes callers have to cope with—identifying themselves to the IVR system.

Older IVR applications identify callers through automatic number identification (ANI), which recognizes the originating telephone number, or by prompting the caller to provide identification such as a personal identification number (PIN), an account number or a credit card number.

All of these have the potential to frustrate your customers. ANI only works if your customer is calling from a telephone number that is recorded in your company's customer database. Your customer may not have his account number handy when he makes the call. And we all have so many PINs to remember—PINs that we're asked to change periodically—that asking for a PIN is almost a sure way to put your caller in a bad mood.

Adding to the frustration, all of these methods of identification are inherently not very secure. Anyone can call from your telephone and whoever has your credit card has your credit card number, as well. Even PINs can fall into the wrong hands.

Speaker verification eliminates all these frustrations by using a caller's voiceprint, which is as unique as a fingerprint. The application prompts the caller to speak a standard or a random phrase and compares the response to voiceprints on file. It's quick and easy, completely secure and there's nothing for the customer to remember—or forget. Speaker verification is an unobtrusive way to reduce fraud, eliminate the need to issue and reset PINs, and reduce the length of telephone calls.

### **Time to Take Another Look at IVR Technology?**

Maybe your customers don't hate your IVR system. Maybe your contact center is ahead of the curve and your self-service applications delight your customers and make their experience of dealing with your company a pleasure.

But if this is not the case—if you've been reluctant to deploy an IVR system because you're put off by their reputation or you have an IVR solution that leaves your customers disgruntled—then it's probably time for you to investigate the new capabilities available for voice self-service applications.

By applying the tips we've presented here and deploying state-of-the-art IVR technology, you can improve customer service, increase revenue and reduce contact center expenses, helping you balance consumer demand for enhanced 24x7x365 service with the realities of the bottom line.



### **About Aspect Software**

Aspect Software, the founder of the contact center industry, is the largest company 100 percent focused on providing proven, innovative products and services that enable key business processes including customer service, collections, and sales and telemarketing for in-house and outsourced contact centers. Each day, companies around the globe conduct more than 125 million customer interactions using Aspect's flexible, reliable solutions for automatic call distribution (ACD), predictive dialing, workforce management, analytics, IVR and multi-channel contact. Headquartered in Westford, Mass., Aspect has operations across the Americas, Europe, Africa, the Middle East and Asia Pacific. For more information, visit [www.aspect.com](http://www.aspect.com).

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