What role must brands play

to support customer wellbeing?

Introduction

How likely is it that a consumer will cut a company loose because of a terrible experience? Today, most business leaders would agree that it's highly likely. In an ever-sophisticated digital world where consumers voice their customer experience horror stories on just about every platform, brands need to re-evaluate their mindset and approach to customer support before they address their systems and processes.

According to recent research, it was found that delighting customers doesn't build loyalty; but reducing the work they must do to get their problem solved - does. And you can apply that on many levels. One bad experience can be enough to lose a customer forever. But not supporting customers in their challenging times is worse.

Investing in excellent, empathetic customer service is worthwhile for a myriad of reasons. In a competitive marketplace, customers now expect more from their interactions with companies. If the customer experience that you provide is lacking, in any dimension, customers can simply go elsewhere in a matter of seconds. And, if they can't, they'll make sure as many people as possible know about their experience with that brand.

As most organisations know, you need to approach your customer care from the standpoint that customers are your most important asset - taking care of their needs is a win-win situation for all involved. That mutually beneficial relationship is instrumental for business as happy customers can be customers for life and act as ambassadors for your brand.

Over and above any business implications of great customer service, there is also the notion of your business' moral obligation. More than ever before, companies are aware of their ethical responsibility to support customer wellbeing.

Yet, many businesses settle for good rather than great customer support when it comes to wellbeing. With all the issues that customers face in their daily lives, that gap between good and great customer service may be harming your brand.

In this paper, we'll examine a multitude of angles that will enable brands to look at their customers with a different lens and build stronger customer support for the ultimate longevity of the business.

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Good vs great support: How does your business rank?

Gone are the days of customers choosing their products based on a careful weighing up of cost and quality. Customers expect more from their vendors and many businesses today are becoming more and more customer-focused with a customer-first mindset.

According to a study by Microsoft, 90% of customers now use customer service as a factor in deciding whether or not to do business with a company. Zendesk has found that roughly 50% of customers say they would switch to a new brand after one bad experience.

These studies help build a picture of a market in which businesses simply can't afford to neglect their customer services; they must meet customers' demands and expectations or risk their target market heading elsewhere.

But, more than helping out the business' bottom line, excellent customer support goes beyond ticking a box to satisfy a customer and thus safeguard sales and retention. It should be rooted in organisational values to offer genuine assistance and guidance to customers, elevating them from their status as consumers to more like friends or family members.

This is not a hollow cliche - the concept of customers as close friends or family members should be embedded into your company culture. Excellent customer service professionals don't treat the dialogue as an interaction between company and consumer, but as human to human, offering heartfelt assistance and building a rapport, not because it's their job, but because it's the "right thing" to do.

People who interact with businesses are becoming more astute at noticing the difference between companies that pay lip service to customer care and businesses that are the real deal. Therefore, it's essential to establish credibility by interacting with your customers with genuine empathy to help foster trust. Empathy is not an easy emotion to tap into, hence why excellent customer service professionals are encouraged to view customers as personal connections. It helps to shift the dialogue from a business transaction to a meaningful interaction.

According to Hubspot research, 93% of customers are likely to make repeat purchases with companies that offer excellent customer service. Statistics like this prove that excellent customer service is one of the best ways to foster brand loyalty and increase your customer lifetime value, thus making it a no-brainer to invest in your customer services systems.

But, once again, this investment in customer services needs to come not from a place of pandering or profit-seeking but from an earnest desire to offer a no-strings attached service - this is the essence of great customer service.

Take the time to reflect on your approach to customer services - where does your business sit on the spectrum from insufficient to good to excellent support for customers?

And, in the current climate, great customer support is more critical than ever. Let's explore the plethora of challenges that UK consumers are currently facing.

Economic uncertainty in the UK

Many people are facing an uncertain financial outlook. Families all over the country face an onslaught of challenges contributing to financial hardship. Even if they are not directly financially challenged by the current state of affairs, the overarching nature of uncertainty places a heavy burden on households.

UK economic growth is expected to halve this year with soaring inflation, major tax rises, and unexpected global events - including Russia's invasion of Ukraine.
Prices are rising by 9% a year in the UK - the highest rate for 40 years, and the prices of fuel and food are putting pressure on household budgets. Meanwhile, average pay increases aren't keeping pace with inflation.

Far from being economic experts, we can't predict whether the doom and gloom is justified or if an economic boom is around the corner. That is beside the point. What is relevant is that consumers are feeling the pinch and the debilitating effects of financial stress.

This financial stress is just one factor contributing to increasing mental health issues across the population. Of course, these elements are interwoven with each other, but many people face low job security, isolation during the pandemic, alcohol and drug issues, and other personal traumas. Each person's individual circumstances are different, and companies need to be more aware that there are an increasing number of people out there facing these various challenges.

Problems with physical or mental wellbeing often lead to disengagement as people switch off and become passive in many aspects of their lives, including their finances, only further contributing to underlying issues and making them vulnerable.

In this context, companies are faced with a dilemma. How much are they willing to step in and alleviate this burden? Will they provide the level of customer care required to provide some comfort and support customers' physical and mental wellbeing? In essence, are businesses going to help vulnerable customers who face financial issues?

What does a vulnerable customer look like?

What do we mean by vulnerable customers? Mental health and financial struggles often go hand-in-hand and presently more people than ever before are unable to pay their bills or manage their debts due to the rising cost of living. Vulnerable customers are those who are facing challenges, mentally, financially or both and who don’t have the support or tools to combat the problem.

So, what does a vulnerable customer look like? They are often disengaged, lack any trust in their supplier companies, are unlikely to open up about their issues, and aren’t aware of available support from both charities and the suppliers themselves.

A significant issue is that many customers simply don’t trust companies anymore. According to a survey from Hubspot, 81% of those who took part trust their friends and family’s advice over advice from a business. 65% do not trust company press releases, and 69% do not trust advertisements.

This is due to a myriad of inter-related reasons. There are concerns over the way businesses use data, fatigue resulting from an oversaturation of advertising content, and there’s a growing world-weariness over businesses’ PR attempts to frame themselves as customer-first.

Above all, there is an overarching belief that 1) companies don’t care about customers, and 2) companies only care about profits.

This is an essential concept for businesses to be aware of and should shape your approach to customer support. The hard truth is that many vulnerable people out there, those who suffer from financial hardship or stress, simply don’t want to hear from your company. Why? Because they assume that the business can’t have their best interests at heart since this is inherently opposed to the essence of a capitalist enterprise.

This customer disengagement is damaging for both parties. It means that customers aren’t aware of the help and tools that may be available to them. It means they are reluctant to engage with correspondence of any form from the company. Any stress or hardship they are feeling related to their finances is unlikely to be relieved - in fact, it’s likely to be perpetuated.

For the company, vulnerable customer disengagement is a challenging obstacle to overcome. How can you hope to build trust in your services if you can’t engage in an opening conversation?

The impact of customer disengagement

As we progressed into the digital age, the potential avenues of interaction between a company and a customer increased. Beyond the traditional communication channels alongside face-to-face interactions, customers now count social media, live chats, email, and interactive bots as potential touchpoints.

Customers can now interact with a company through third-party reviews, commenting on company social media profiles, using online support, participating in loyalty programmes, and many other ever-evolving spaces.

The digital age has enabled two-way communication between customer and company, yet paradoxically, many customers switch off and prefer not to engage with businesses especially when they are struggling with financial or mental wellbeing.

When there is no communication, there is no opportunity to build an emotional connection with the customer - something incrementally cultivated, or diminished, over time with each interaction.

To address this issue, businesses must see potential customers as more than just numbers and data points; they need to see beyond their label as the customer to view them as a human and an integral part of the business.

The brand impact of engaged customers

An engaged customer inadvertently contributes to the business' success in terms of sales, loyalty, and whether the customer is a promoter of the brand to their peers. Highly engaged customers buy more, promote more, and demonstrate more loyalty, enabling long-term success and growth. Disengaged customers can, at worst, harm your business as they opt for a competitor and share their negative experiences with others.

Therefore, businesses should invest in and implement a long-term customer engagement strategy based on encouraging active participation in meaningful dialogue. This is a much better approach than a one-sided bombardment of company messaging that serves no real purpose.

A customer engagement strategy that frames your customers as your most valuable asset will do wonders for your brand imagery and long-term financial success. Conversely, customer disengagement leads to low awareness of support in a negative feedback loop.

We have established that customer disengagement is bad for business and that brands have a vested interest in offering support for customer wellbeing. Let's examine the power of customer engagement by looking at financial arrears as a primary focal point when it comes to disengaged customers.

The traditional approach

People get into debt for various reasons. Life events can make it difficult for people to manage bills and expenses. Many vulnerable customers disengage and therefore remain unaware of the support on offer from charities and the companies they owe money to.

At this point, those companies face a choice of how to deal with these customers. They need to collect their money somehow, but how should they go about extracting that?

Traditionally third-party debt collectors are utilised to contact customers who are not paying. Their sole purpose is to collect the debt and are incentivised accordingly.

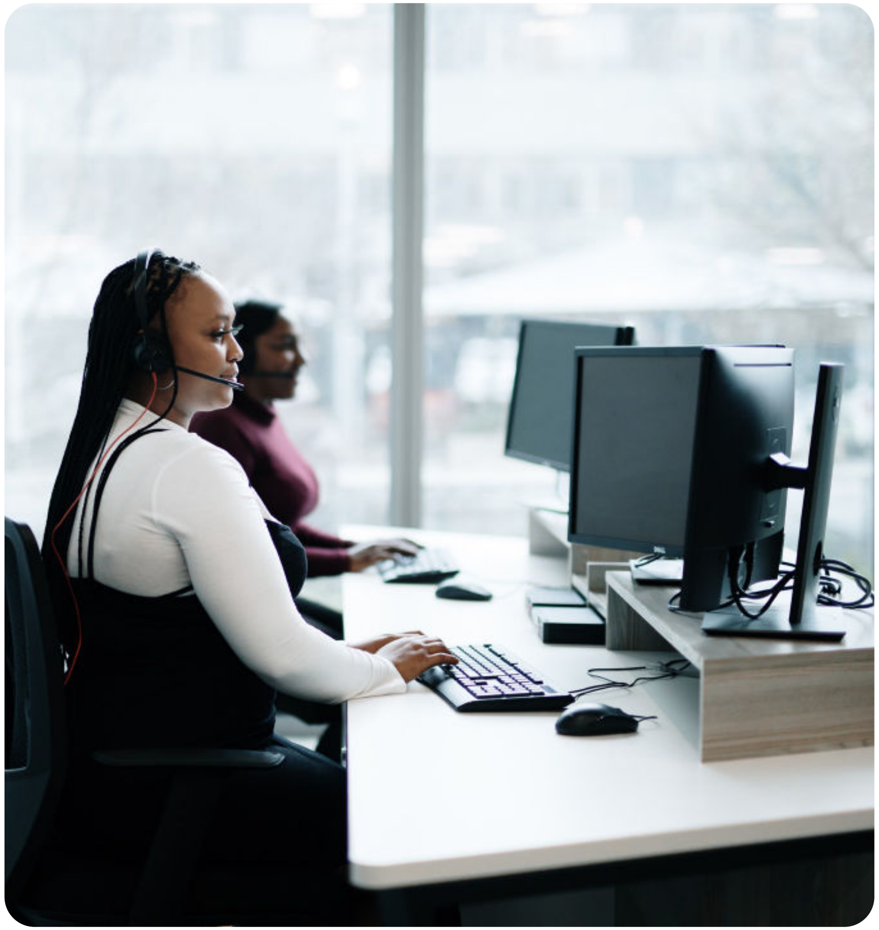
This process does nothing for vulnerable customers experiencing financial hardship. Think about this from the customer's perspective - they have no voice in this scenario, there is no appreciation of external factors related to why they weren't able to pay, and they see this as further evidence that the business is not on their side.

The customer inevitably associates the negative experience with your brand as the lender or supplier, leading to a further breakdown of trust. They may feel there is no opportunity to address their underlying issues surrounding their problem debt.

This hurts your brand, business, and the customers themselves.

What lessons is the customer supposed to take away from the interaction other than that the business does not value them, and that they should expect the same treatment the next time they're in a similar situation?

Fortunately, there are newer approaches to dealing with debt based on a more empathetic and highly effective approach.



Creating a new step in the journey

ReachOut looks to break that negative feedback loop of low engagement and low awareness of support concerning debt management.

When a company - a lender or supplier - reaches that point of dilemma where they have a large segment of their customers disengaged and ill-disposed toward the business, they can rely on Sigma Connected for support with their specialist ReachOut programme.

ReachOut has shown a growing number of energy, water, retail and finance providers that there is a better solution to re-engage these vulnerable customers by providing a safe and welcoming environment. They can be signposted to a range of supportive charities, directed towards actionable financial guidance, and lifted back on track through new sustainable, realistic payment plans.

Where DCAs can be perceived as impersonal, the trained Pathfinders at ReachOut take a holistic approach to debt management, approaching the situation with empathy, ready to listen and guide the customer to available support.

As a confidential and impartial service – one that isn't there to (and can't) collect a debt – the supportive and empathetic Pathfinders can speak with people where creditors can't. This framing enables customers and companies to converse on a level playing field - the environment created is one of judgement-free sharing, a meaningful dialogue by which the customer can explain their circumstances.

The eventual repayment is a by-product of the service. The primary purpose is to engage with the customer, share guidance, point toward support if needed, explore options, and discuss the next steps.

reachout

BY SIGMA CONNECTED

How does it work?

The ReachOut service is designed to create an additional step before debt collection. Pathfinders, the agents that work on the ReachOut programme are seen as a lifeline - a genuine offer of support - to help those struggling to pay before proceeding with more traditional collection methods.

It works in a 6-step process that never takes longer than 14 days:

1. **Engage**
   Reach out to the customer, making it clear that ReachOut cannot collect any money.

2. **Explore**
   If the customer engages, initial conversations revolve around exploring their personal circumstances and developing a shared understanding.

3. **Share**
   Based on the conversation, Pathfinders share information on relevant free guidance and support sources. This will vary as there are a wide range of possible reasons why the customer may be unable to pay.

4. **Empower**
   Help the customer create plans to manage their debt - the guidance offered from a position of established trust.

5. **Promote**
   Highlight the offers of support/tools available through the client.

6. **Connect**
   If appropriate, the Pathfinder facilitates reengagement between customer and company so they can continue their conversation.

This is the ideal customer experience. The aim is to build trust through engagement so that the customer resumes a conversation with the initial client. If we fail to reach this stage, if customers are unwilling to pay, then the client can continue along the traditional path of appointing a DCA.

Ultimately, we believe that adopting a genuine customer-first approach is the best chance clients have of building a mutually beneficial relationship with their customers. It’s mutually beneficial in the truest sense since customers emerge from the process equipped with tools, plans and support, designed to help them manage their finances in the future.

But does it really work?

The evidence

In short, it works. Who knew that customers would respond positively to genuine help, earnestly offered?

ReachOut targets customers who haven't engaged with their vendor in several months. **Of these, 20% engage with us in just a matter of days.**

For our client, **using the ReachOut service yields a 1500% ROI**, meaning a 15x return on the fixed cost of the outreach service for the client. Outreach over escalation seems to be a profitable course of action.

More importantly, customers are re-entering conversations beneficial to all parties, getting the help they need, resulting in better and more sustainable outcomes for everybody.

If they need it, charities and referral partners offer specialist advice and emotional, physical, and mental support, depending on the customer's circumstances.

After going through the 14-day placement programme, the optimal conclusion is that customers are handed back to the clients with a new working relationship based on trust. Customers benefit from the systems already in place that they may not have known about - things like special tariffs and tailored, sustainable rates.

This is the epitome of how supporting customer wellbeing reconnects the customer with your brand and allows you to develop a relationship leading to lifetime value.

Final thoughts: How far should you go to support customers?

According to a National Bureau of Economics study in the US, only ⅓ of adults worldwide understand basic financial concepts. The study posits that financial literacy is "negatively related to the use of informal sources of borrowing". In other words, there are many adults out there who, due to a lack of financial literacy, are vulnerable to financial mismanagement.

But, what responsibility, if any, does your business have to your customers?

This is an ongoing debate in the corporate world - to what extent is it on businesses to educate customers and to shelter them from unwise decisions, especially when this may come at the expense of company profits? What is their moral obligation?

There are specific steps that banks, lenders, and suppliers can take to fulfil ethical obligations without compromising profits. Many of these steps relate to honest and open engagement with customers which, as we have explored, actually tends to benefit companies in the long run as it leads to happy, long-term customers.

1. Educate:

Companies have a responsibility to educate customers about the financial decisions they make. Whether this education is available through the company website, through customer service calls, or invitations to a third-party supplier, businesses have a moral obligation to provide the materials necessary for customers to make well-informed decisions.

2. Promote individual accountability:

Within each business, there needs to be a culture of individual responsibility when offering services. Teams who are expertly trained in finding that right line - it is not about hand holding, merely paving the way for wiser, responsible decision-making.

3. Take confidentiality seriously:

Any company that deals with customers' financial information needs to ensure that those details remain confidential. In addition to legally protecting this information, businesses have to do a better job of only using it for the purpose for which it is intended - it cannot be used for leverage.

These best practices are actionable for any business dealing with its customers. They do not constitute prescribing the behaviour of customers, but merely shape an environment in which responsible and ethical business practices can thrive.

What's more, as corporate social responsibility increasingly takes centre stage, it's no longer smart to engage in these practices for short-term wins. Ethical business behaviour based on open and honest customer engagement not only supports customer wellbeing, but also pays from a long-term perspective by securing lifetime customers.

Connect with Sigma Connected

Making sure your customer service is as good as it can be isn't easy. It takes hard work and training to embed empathy into your company culture.

This is where Sigma Connected can step in and help.

ReachOut is just one of our services, bringing our customer care expertise to help reach people dealing with problem debt issues. Besides this, we work with many companies across several industries to white-label end-to-end customer lifecycle solutions.

Whether your business is in the energy sector, telecommunications, financial services or retail, trust us to find flexible solutions to meet your customer service needs and build a collaborative strategic partnership to help your business grow.

It's our fundamental belief that customer service based on open outreach is the best way to ensure a profitable business while providing helpful, actionable guidance to your customers. And, we have plenty of case studies to prove it.

Start a conversation with us today to see how we can help your business.

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