

**Delivering service
with sincerity to
vulnerable customers**

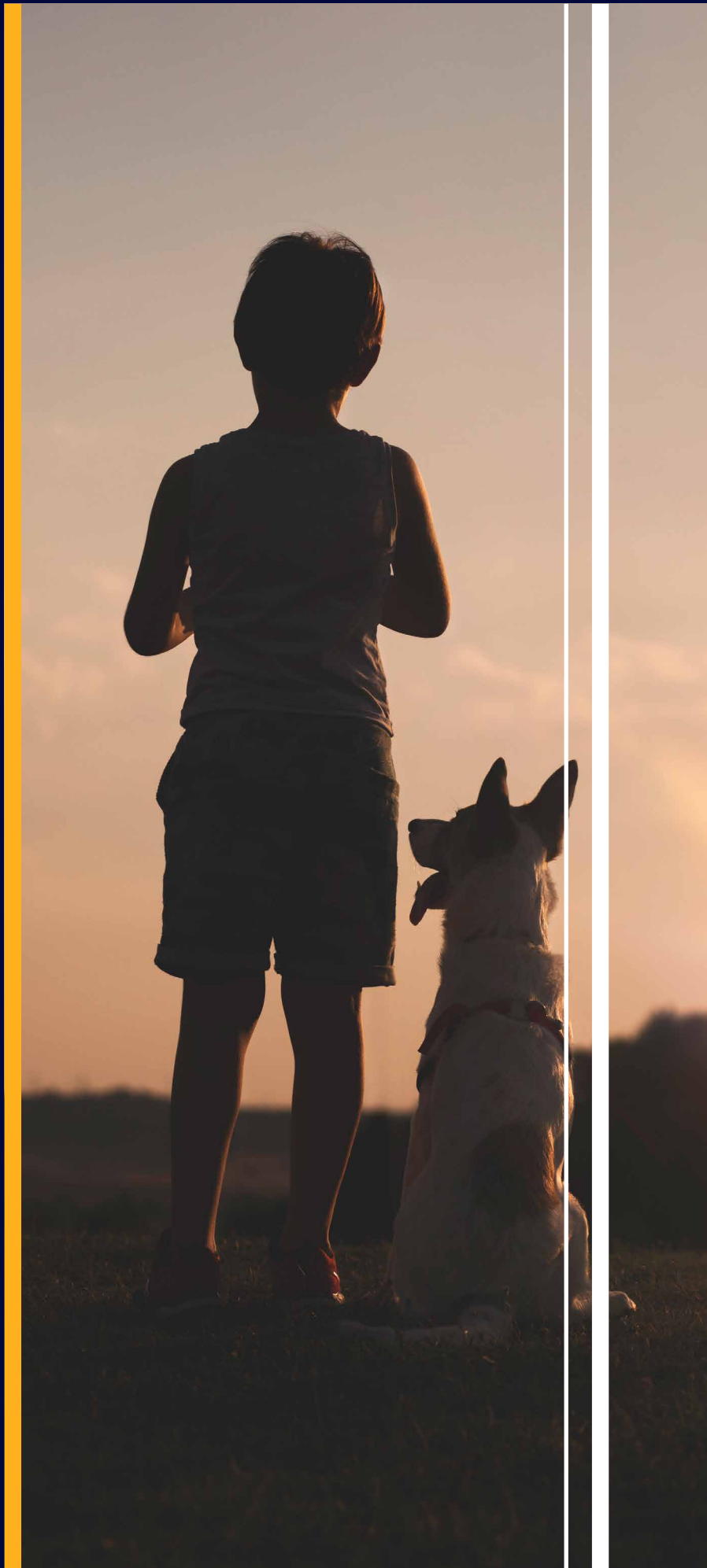


Capita

How do we step up in the moments that matter?

To thrive in these difficult times, where vulnerability is becoming both deeper and wider, it is essential that businesses:

- understand that the nature of vulnerability has changed and how this has brought **new challenges**
- recognise that empathy must be at the forefront of the customer and employee experience, embracing the leadership of kindness and **delivering service with sincerity**
- develop their internal cultures so that they **support this approach**
- **prioritise innovation and the technology** that can help
- appreciate that this is a situation that is not going away and that long-term **change is needed**.



From the kindness everyone needs comes the sincerity to which we all respond

Out of the trauma of the last two to three years has emerged a trend for organisations to lean into kindness and empathy, things that come naturally to us all as but that we may have been neglecting as ‘business people’. Carrying on down this route is how we will make sure that our sincerity is truly felt by our customers, and better equip us to help the most vulnerable.

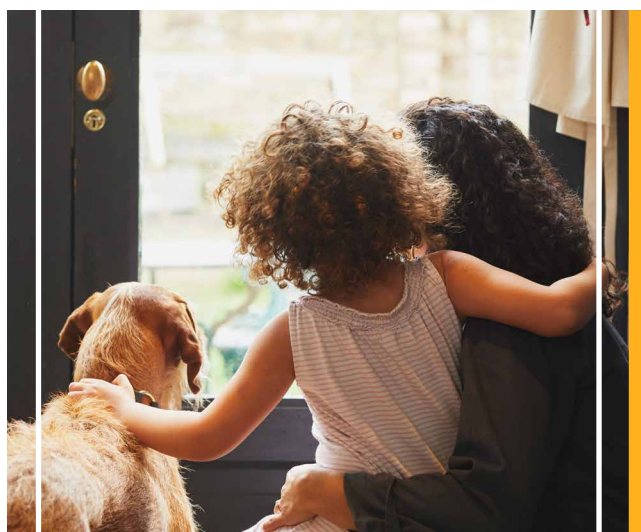
The concept of ‘business’ in the transactional sense that as we know today it can be traced back to ancient Greece in the early sixth century. Those with wares to sell congregated in markets, where early shoppers would browse and make their purchases.

Early business was, by definition, local. The bulk of who came to the market were the same people each time; sellers got to know buyers. Many were no doubt neighbours, and they would talk – as people, without the need to label each other based on whether they were vending or purchasing, just as people involved in a friendly encounter that was mutually beneficial.

Of course, the passing of centuries has meant expansion, globalisation. We no longer need to be with each other to do business together. **But when did not being together physically mean that we felt apart emotionally?**

Capita’s recent research with Ipsos MORI has revealed that empathy is one of the major factors that contributes to a positive customer experience. And yet, at some point empathy came to be considered a low priority in the buying journey. Then the pandemic brought to light again the importance of treating consumers with empathy, and those who got it right reaped the benefits – from supermarkets expanding their home delivery services, to banks offering virtual financial appointments. Ease of transactions is, of course, still extremely important (as the Ipsos research shows), but what companies have realised is that empathy must be held in an equally high regard.

Emotional attachment is proven to drive positive behavioural and business outcomes, and improve customer retention. This goes beyond the benefits achieved from functional attachment alone.



Demonstrating empathy to customers will also drive an emotional attachment. It’s important for customers to feel that a company knows, hears, values and anticipates their needs, that they have the ability to have meaningful interactions by connecting with them and understanding their situation. This creates customer-company contact that generates positive memories, leading to strong and profitable relationships.

This, of course, is the ideal. But it is essential that **our empathy needs to be real** – not rehearsed or merely read off a page. Companies must demonstrate the ability to walk in their customers’ shoes: that’s the only way to genuinely know how they feel. An easier customer journey is straightforward to measure, there are tangible proof points such as speed and number of completed transaction. But how to prove empathy? How can companies make sure that they are being genuinely sincere, that their empathy comes from a real place and is deeply felt by the customer?

Our increased vulnerability as people, whether in the role of customer or colleague, has become a critical issue in experience management, and now companies must recalibrate to the new conditions in which we all find ourselves.

80%

Upcoming rise in energy price cap in October 2022.
Ofgem

An increasing number of people need empathy



The current hardships such as the cost-of-living crisis and spiralling inflation (which recently hit a 40-year high and went into double-digits) is taking its toll on us as individuals, communities, and nations, leading to there being more vulnerable people.

Our physical, mental and financial health has suffered and continues to do so. Research from debt charity [StepChange](#) revealed that the number of people finding it hard to keep up with bills and credit commitments has doubled since the start of the pandemic, and that one in three UK households is now struggling. StepChange found that 6.4 million adults are feeling the pressure of debt and that this has negatively impacted mental health, relationships and the ability to work.

In addition, 15 million people in the UK are worried about paying the rising energy costs – indeed, in Retail Economics' Shopper Sentiment Survey Q2 2022, [64% of consumers say higher energy costs are now the biggest challenge](#) for their household finances. The price of essentials such as food and clothing is rocketing up, as is fuel, leading many to dive dangerously into debt just to keep afloat. Add to this other debilitating elements, such as the increase in extreme weather conditions and record instances of fraud (more than three quarters of UK adults said they

have been targeted by a scammer this year, [according to data from Citizens Advice](#)) and the picture is far from rosy.

As a consequence, the profile of people who are now seeking help from organisations has changed; in many cases, those who have never before struggled to pay have been affected. These are the 'transient vulnerable', defined by [The Financial Reporter](#) as "those who because of specific circumstances at a certain time may not be able to make a complex or unexpected decision." An example of this would be if a person is going through a separation or if a loved one has died: they may be vulnerable in that moment, but not necessarily over the longer term. It's just that personal circumstances and characteristics have combined with aspects of the market to make them significantly less able than a 'typical' consumer to keep up their payments. And as result, these individuals are much more likely to suffer detriment, as reported by [the Money and Mental Health Institute](#).

“Those who because of specific circumstances at a certain time may not be able to make a complex or unexpected decision.”



But vulnerability doesn't just mean you can't pay – it affects us all in different ways that may change the way we behave and engage with society. You may be less likely to come forward for help or lose the confidence to take steps that could help, such as switching suppliers or researching into more suitable products. The tensions created within families can even lead to domestic abuse.

We must recognise that vulnerability is a complex, sensitive issue, one that impacts our behaviours in many ways. People may be forced to use credit to pay monthly costs, powerless against the threat of getting further into debt. It is cognitively harder to plan your way out of financial danger than simply borrow your way out, neglecting making the right choices with the long-term in mind. And as costs start to exceed income, this can affect people's priorities, such as juggling paying their energy versus which products they now must deem as luxuries, like their broadband and entertainment options.

For customers who suffer from poor financial, mental or physical well-being, the impact of an organisation they rely on failing to respond to personal needs and context is stark. These customers' average satisfaction is just 45.4 (out of 100), 37.4 points lower than similar customers who felt an organisation understood and responded to their personal needs – this is as reported by [the Institute of Customer Service](#) in July 2022.

Of course, the consumer sectors have been taking steps. Ofcom has proposed [updates to its 'Treating Vulnerable Customers Fairly' guide](#) to explicitly include further practical steps that the regulator expects telecoms providers to take to better support their customers. In March 2022, the UK's major telecoms companies agreed a set of commitments to support and protect vulnerable people, placing collections right at the centre of their response to ensure customers stay connected and are given some relief from their payment terms. These included removing data allowance caps on all current fixed broadband services and allowing payment holidays.

Ofgem, meanwhile, recently [announced tough new financial](#) measures to ensure energy suppliers can withstand future shocks, including protection for customers' credit balances. And the Financial Conduct Authority is monitoring how well firms have been applying its FG21/1 Guidance on [the fair treatment of vulnerable customers](#). Some firms themselves have been taking great steps – HSBC, for instance, recently launched [a domestic/financial abuse campaign](#), addressing various strands of vulnerability.

So how can every organisation change its approach from within to better help the customers that it serves? The time has come to make empathy not only something we remember in our day to day as decent human beings, but for **empathy to be the key driving force in all our corporate strategies.**

64% of consumers say "higher energy costs are the biggest challenge" **Retail Economics**

Prioritise kindness at every step

One way to describe the approach organisations must take is to lean into leadership that prioritises kindness; cultural change must be led from the top. And this kind leadership needs to be pointed in two directions: both internally and externally.

First, toward colleagues. Health and wellbeing for employees should be top of mind for colleagues at all levels, from C-suite and down. Recognising our own vulnerability and managing others' (i.e. customers') is challenging – is the current frontline workforce equipped mentally, emotionally and physically? Companies must give these individuals more training and ongoing support, emphasising soft skills. They must understand that many colleagues will be vulnerable themselves – front line teams can personally face the same issues around affordability and coping as the customers they are in contact with, so in effect we are expecting vulnerable colleagues to help other vulnerable people. This may help them to empathise, but it may also be triggering for them to hear from people going through the same troubles as they are. And not forgetting that many will still be working from home, which could mean they are isolated and lacking the in-person, supportive camaraderie they once benefited from when they used to be in a call centre.

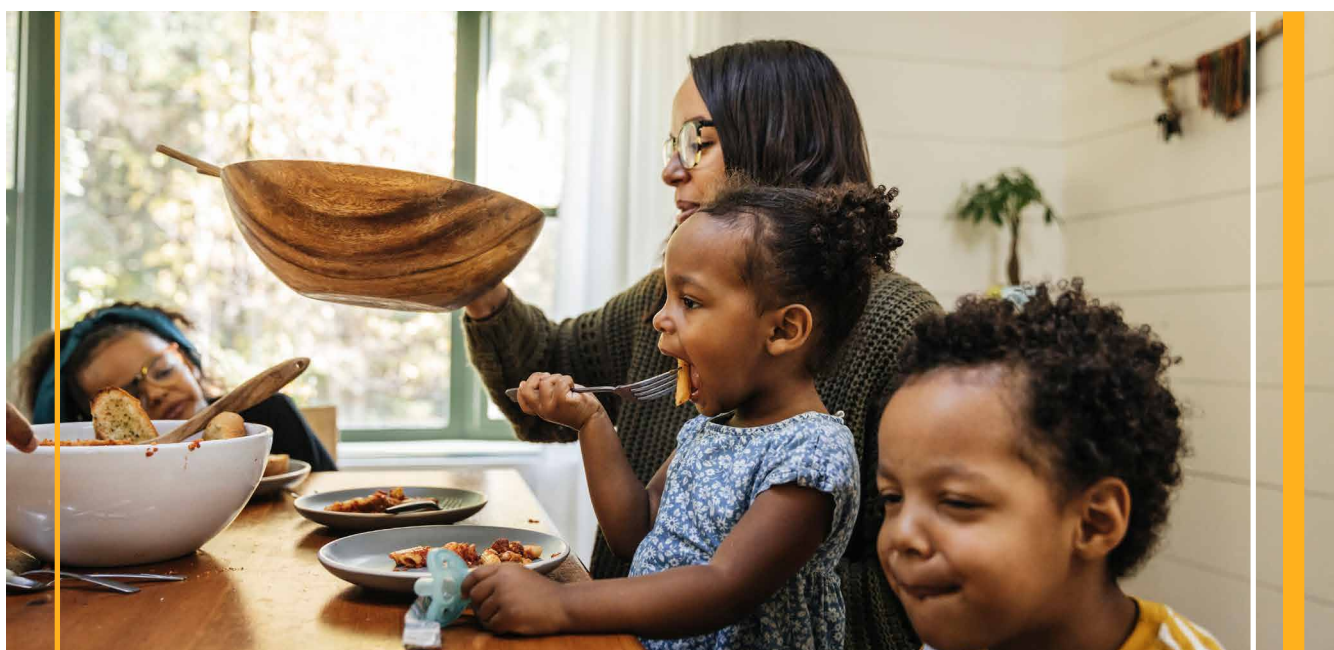
Paying close attention to who is being put in customer-facing roles can start from the hiring process itself, improving efforts to make sure the right people are chosen in the first place – something that was called out recently by the ICS in their abovementioned

July 2022 report. People with the right skills, mindset and experience to handle vulnerability, who can then be developed further in the challenging role they will be taking on.

Then, organisations must apply kindness to their customers. As per the abovementioned Ipsos research, customers are ready for more empathetic help to accompany a focus on easing their consumer journey. Businesses should proactively make sure customers feel valued; are treated fairly (rewarding their loyalty, for example, not excluding them from special offers that are given to new customers); have their life moments and context taken into consideration; that they are treated as individuals with personalised service; and that they are given options for the ways they can get in touch.

Companies can also help by making sure vulnerable people actually understand early on that they have a problem – respecting that whilst they can often do things for themselves, they sometimes just need to be informed of the exact situation and to receive some guidance. This can include agents spending longer speaking to people, rather than focusing on meeting call number targets.

“ The time has come to make empathy the key driving force in all our corporate strategies.”



What are the risks and challenges to this approach?

If organisations do all this, put kindness into their business plans and weave it through their very fabric, then they will be delivering service with sincerity.

But the approach can't just be a flash in the pan. This has to be a long-term change – rather than being something that is embraced for a short while and then everyone returns to BAU. **The leadership of kindness must be BAU.** Businesses are well aware of their duty of care to their customers, but they must remember that they also want to care. Doing something as an obligation is not as reliable a long-term plan as doing it genuinely. Over and above what we are required to do through regulation as responsible service providers, we must go further.

As revealed by [the UK Customer Satisfaction Index](#) earlier this year, in-person customer experiences

are still the most popular among consumers, with more than a quarter (26.1%) of all recorded such encounters conducted this way. But we can't assume that a person wishes to speak to another in all cases – according to the Money and Mental Health Institute, 75% of people with mental health problems have difficulty with at least one form of communication channel, with the telephone high on the list. It's widely known that giving customers an omni-channel communications approach is advisable, but so is remembering that everyone is an individual. We must give them the options and let them choose for themselves.

And it cannot be ignored that we are all still businesses, with financial targets to meet. **But being kind and sincere complements business needs:** it's what customers want, so they will stay loyal.



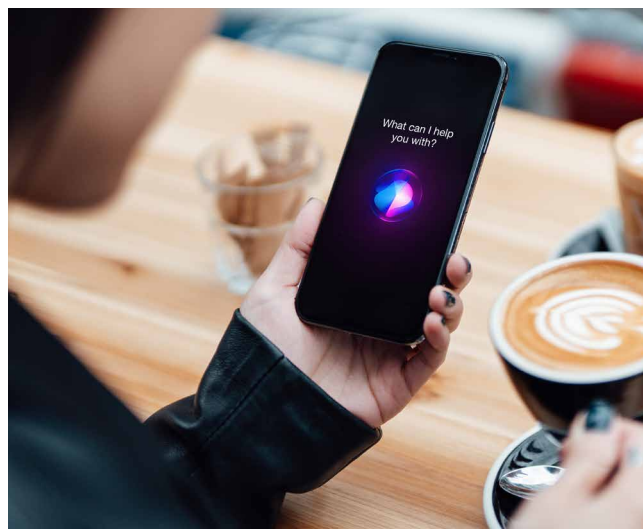
The right tech can be indispensable



In recent years, technology has become more a part of our working lives than ever, such as video meetings now being the norm. We are, in fact, a step closer to that early, neighbourly manner of conducting business: a call now brings people all over the world into one room, often a room in our actual home.

Being more comfortable with tech means that people are much more open today to make use of new product solutions. In terms of improving customer service interactions, AI can be useful to detect distress 'in the moment' in a customer or colleague's voice and support with live coaching. Intelligent technology can augment frontline advisors: assisted customer conversations (ACC) software assesses the emotional needs of a customer in real time and suggests ways for the advisor to react. With the vulnerability identified and the best solution offered, the agent is free to really listen to the caller and so better help them human being to human being.

And the technology now exists to use 3D avatars to replace traditional online chat bots. The latter tend to use automated messages, an often impersonal and sometimes less-than-empathetic experience. But a 3D avatar is the next evolution of the traditional web chat function, offering the customer a digital character to engage with, which empowers them to connect more authentically. The avatar can show emotion and empathy through facial expressions and speech, and they react to the customer's sentiment, offering a more meaningful interaction. These 3D avatars are specifically designed to make customers feel they are being listened to and understood.



“Being more comfortable with tech means that people are much more open today to make use of new product solutions”

A long-term challenge where we must put the customer first

The abovementioned ICS research shows that businesses that support their staff and develop them properly reap the benefits in the longer term. And when businesses look after customers with kindness and sincerity through times of personal strife, these people appreciate it all the more – leading to greater levels of trust and loyalty.

Now is the time for organisations to be bold, focussed, transparent and consistent in their service approach.

And it must be a long-term approach: late August saw the announcement by Ofgem that the energy price cap will rise to £3,549 in October, an increase of approximately 80% – which will lead to another wholesale surge in vulnerable people. This may be unavoidable, but how organisations deliver services can make a difference. Those putting the customer front and centre will be the ones who gain market share in such a difficult business climate.

And none of this should be a stretch for any of us. We are all drawn towards helping people and caring about them. It's no longer something that is a 'nice to do'. It's something to embrace wholeheartedly.

Many organisations are making great progress in with this kind of approach, but the storm is not close to passing and there are many more hard times on the horizon. Only businesses who remember that we are all human beings going through this together, that we need be there for each other – as if we were all neighbours, in the way that we once were – by putting kindness and sincerity front and centre, stand any chance of weathering it.

“Organisations must be bold, focussed, transparent and consistent in their service approach.”

Capita's building blocks for identifying and supporting vulnerability

Capita actions the following using a principal of 'develop, monitor, analyse and learn':



Understanding the needs of vulnerable customers: emotional state, any mental or physical impairments and the need for urgent resolution.



Employee skills, capability and empowerment: the capabilities to identify and respond appropriately, delivering empathy at scale through customer-centric processes.



Taking practical action: communicating necessary information clearly via appropriate channels.



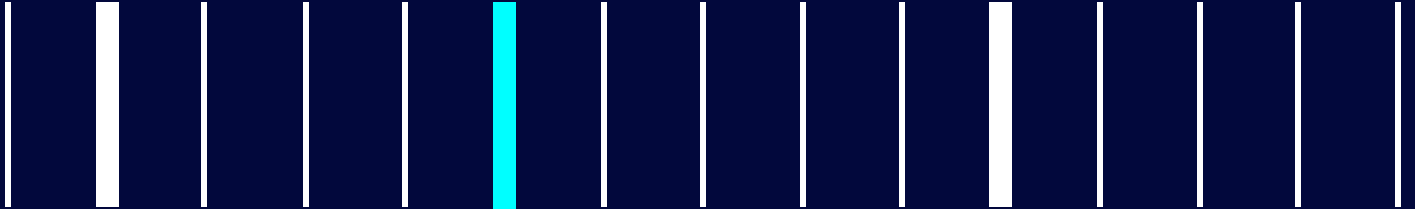
Knowing the customer base: identifying the vulnerable using quantitative and static data models.



Technology-enabled identification: listening for verbal and paraverbal cues, flagging repeat calls.



Connect to external eco-systems: utilising organisations who can help support specific customer vulnerabilities, such as Age UK and debt charities.



To learn more about how Capita can help your organisation to create better customer experiences, please visit, www.capita.com/cxtransformation.

For further information please contact Carol-Ann.King@capita.com.

