

SSPA Executive *insight*

**How Generational Differences
are Driving Requirements for
New Support Channels**

*Evolving Customer Support Attitudes
and Expectations Guide Support's
Evolution*

An SSPA and Lithium Technologies Joint Whitepaper

How Generational Differences are Driving Requirements for New Support Channels

Evolving Customer Support Attitudes and Expectations Guide Support's Evolution

EXECUTIVE OVERVIEW

When it comes to supporting customers successfully, "one size fits all" is a thing of the past. Younger customers, particularly those under 30, thrive on change, have different expectations for support channels, and do not assume retailers and manufacturers are the best source of product support information. A joint research project conducted by Lithium Technologies and the SSPA has, for the first time, documented these trends with real data. The findings of the research demand action: companies hoping to provide excellent service to the next generations of customers must embrace Web 2.0 technology and make Web communities and collaboration key channels in their customer care strategy.

CUSTOMER RELIANCE ON THE PHONE CHANNEL FINALLY WANES

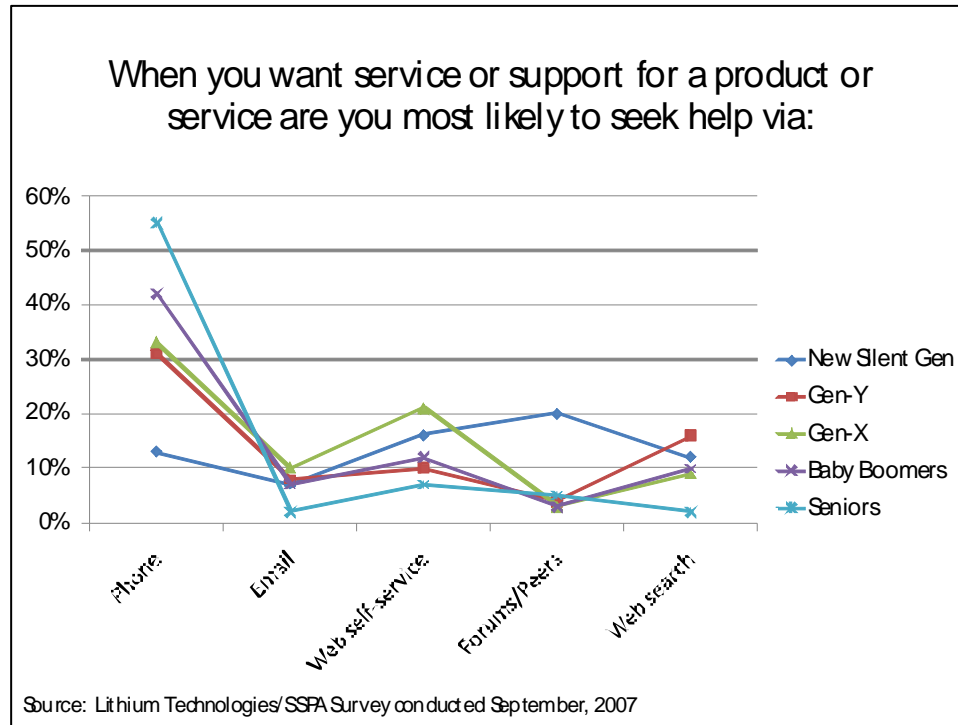
In conversation with SSPA members, a common belief persists: customers prefer the phone channel for service and technical support. This assumption prevents funding and prioritization of projects to increase effectiveness of non-phone channels, while staffing, training, and technology decisions focus on call centers. SSPA Research has recently completed a joint survey project with Lithium Technologies that documents the decline in importance of the phone among younger customers.

While it is true that older customers reach for the phone first when they need help with a product support issue, the younger the customer, the less likely that is the case. In fact, for the youngest cohort surveyed, those under 18, customers are more likely to try discussion forums or Web self-service than they are to pick up the phone.

Survey findings in this report are presented by age group, with the following designations used:

- Seniors—Respondents 65 and older
- Baby Boomers—Respondents 43-65
- Generation X—Respondents 30-42
- Generation Y—Respondents 18-29
- New Silent Generation—Respondents 13-17

Figure 1 Channel Preference by Age Group



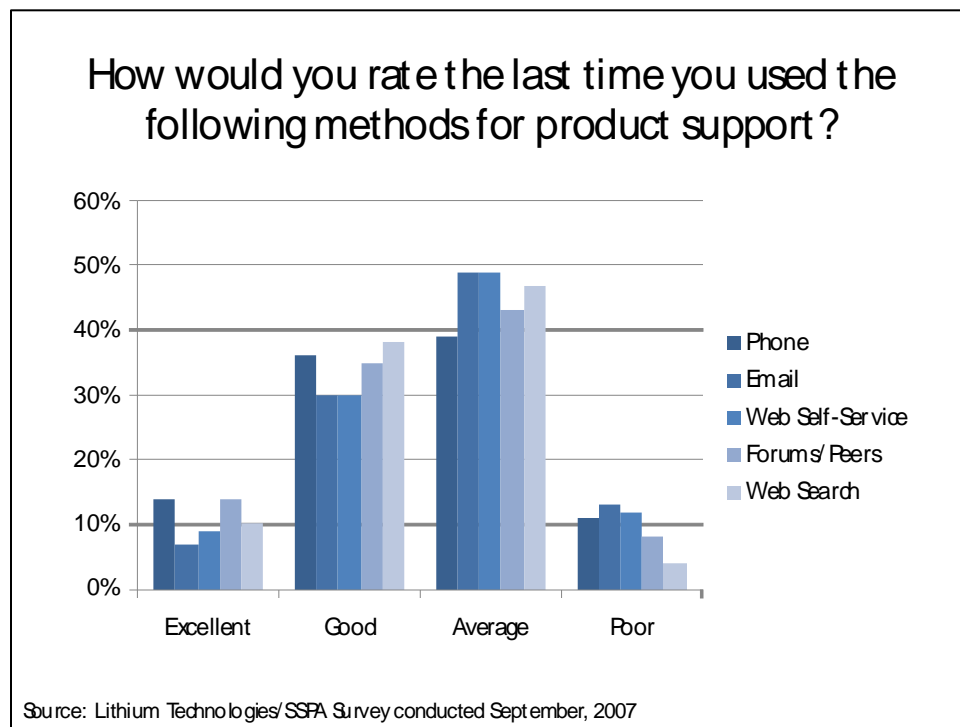
As seen in Figure 1, preferences for channel differ greatly by age group. Key findings include:

- Reliance on phone waning.** While more than half of Seniors prefer phone to any other support channel, the percentage of customers relying on phone drops sharply with younger groups. Only one third of Generation X and Generation Y prefer the phone, and only 13% of New Silent Generation respondents consider phone their primary channel.
- Gen-X the most self-sufficient.** 21% of Generation X prefer Web self-service, followed by the New Silent Generation with 16%. Web self-service was first popularized in the late 90s when Gen-X was the primary target market, and these customers gravitated toward this new channel and have stayed with it.
- Discussion forums rule for NSG.** 20% of New Silent Generation respondents, the highest channel preference of the group, prefer support via their peers using discussion forums. This demographic segment, which has largely adopted social

networking sites like MySpace and Facebook, is very comfortable with this channel and look to it for more than just socializing.

Furthermore, it appears that the new channels for support are just as successful, or even more successful, than the traditional channels. As seen in Figure 2, peer support via discussion forums had the same number of 'excellent' ratings as phone support.

Figure 2 Satisfaction with Support Channels



Forums also compared well with phone in "good" and "average" ratings. Other findings include a nod toward the ubiquity of Google. According to SSPA members, both customers and tech support agents increasingly start a self-service session with a Web search, and it appears that isn't a bad idea. The results of this survey show that Web search receives higher "excellent" and "good" scores than Web self-service.

These results further challenge the assumption that a company's "best" channel is the phone. While the respondents in our survey rated phone highly, the disparity between phone and alternate channels is low, meaning those who have adopted newer channels are finding them effective.

Understanding Generation Y

For hiring and front line support managers, it is becoming clear that today's new college graduates differ in several ways from previous generations, and these changes are forcing changes in talent management practices. But these differences are also changing the profile of customers, and not just in consumer industries targeting younger buyers. With Generation Y now reaching 30, these new college graduates are the system administrators and project managers implementing and maintaining technology, meaning this is who is calling for B2B (business to business) support.

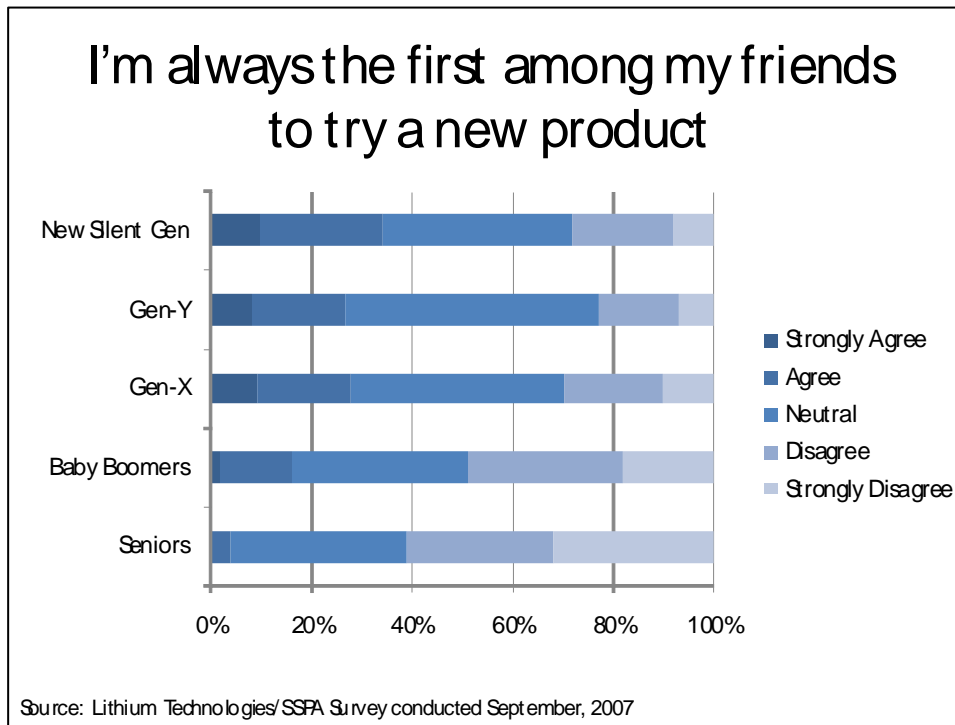
Though it is of course unwise to paint an entire generation with a single brush, there are traits common to Generation Y that should be taken into account when evaluating future support technologies and processes. Three key areas are addressed in the following sections: attitudes toward change, ability to multi-task, and reliance on peers and social networks.

Accepting of Change

One of the not-so-subtle shifts identified from Seniors to Generation Y and the New Silent Generation is the move from risk adverse to change tolerant, in some cases even demanding of change. In the joint Lithium/SSPA survey, some psychographic profiling questions were asked, including respondents' agreement or disagreement with this statement, "I'm always the first among my friends to try a new product."

As seen in Figure 3, 32% of Seniors selected 'strongly disagree,' 29% selected 'disagree,' only 4% selected 'agree,' and no Seniors selected 'strongly agree.' The ratios change with younger demographics, with 10% of New Silent Generation respondents indicating 'strongly agree,' 24% selecting 'agree,' and only 8% choosing 'strongly disagree.'

Figure 3 Respondents Provide Insight into Attitudes toward Change



As the fear of change decreases and the appetite for new experiences increases, support centers need to reevaluate some long-held beliefs and identify areas where more dynamic experiences provide customer value. For example, a traditional best practice in Web self-service has been to “lock down” the site so customers always know where to go and aren’t confused by frequently changing options or screen layout. For younger customers, Web self-service sites that remain the same for long periods of time may be viewed as static, unresponsive, and likely unreliable.

Ability to Multi-Task

Critics of younger demographic groups frequently cite short attention spans as a common trait, and it is true that keeping younger people engaged on a single topic may be challenging. But the issue is not a lack of attention, it is the fact that people under 30 came of age with many entertainment, media, and social channels available to them, and they have developed skills to keep multiple threads of conversation and concentration going simultaneously.

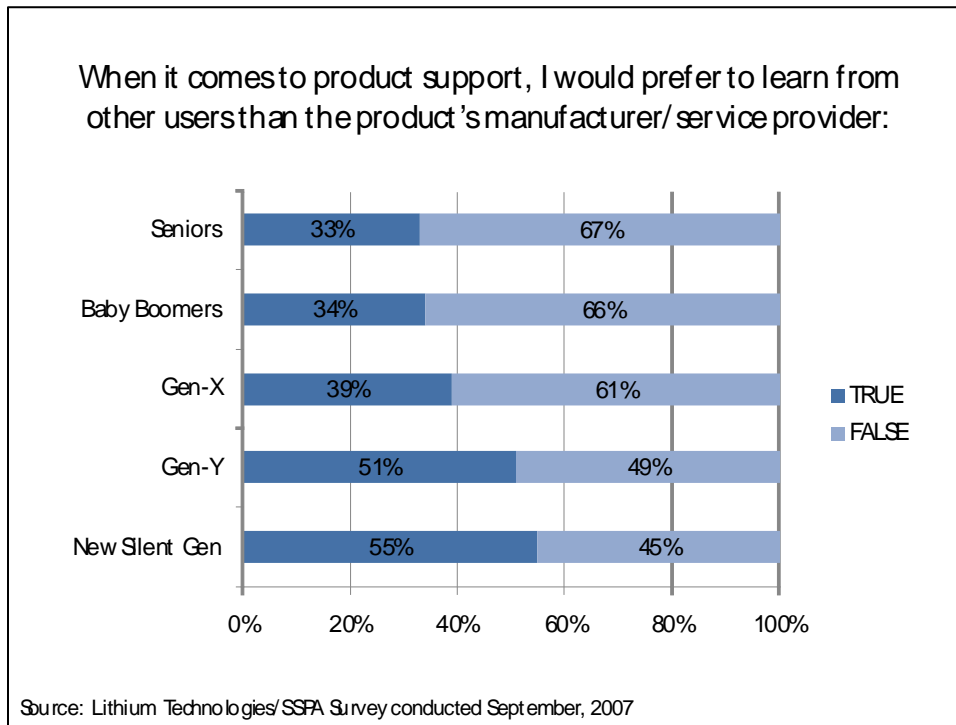
When Generation Y is discussed at conferences, attendees tell stories of their teens and twenty-somethings who are able to do homework, surf the web, listen to an iPod, play a video game, and text message with friends, all at the same time. Expecting someone proficient at coordinating multiple channels of thought to concentrate only on a single topic or activity for long periods of time is inviting frustration. To meet the needs of these multi-tasking customers while capitalizing on their specific skills, approaches to customer support must evolve. For example:

- **Multiple paths to solutions.** The days of offering one way to search the knowledgebase are over. Web savvy customers will try every way offered, and appreciate having different options to try. It is time to move beyond the FAQ list and a field for a search string: offer customers guided or assisted search, perhaps even incorporating an avatar, and definitely include discussion boards for each product and/or functional area.
- **Personalized user experience.** SSPA Research has previously profiled various technologies to personalize the user experience, and certainly offering a more colorful, dynamic, option filled site for younger customers, including less formal language, is a smart move. But beyond microsites, think about arranging or segmenting some aspects of your online communities so customers can discuss products and exchange ideas with their demographic peers.
- **Highly collaborative support.** Because of the popularity of social networking, Generation Y customers self-identify as a part of multiple ecosystems, and they want visibility into how other customers similar to themselves are using products. Just as Amazon suggests products based on your buying patterns, leveraging the habits of others with similar histories, Gen-Y and New Silent Generation customers are interested in what other customers are asking, why they are asking it, and how they resolved the issue. Consider an opt-in program making some issues or incidents visible to other customers within an ecosystem.

Reliant on Peers and Social Networks.

For SSPA Research, the results of a single question from the survey neatly illustrate the need for support organization to evolve. When asked whether they preferred to interact with their peers or the product manufacturer to resolve support issues, respondents provided insight into a fundamental difference between age groups.

Figure 4 Younger Customers Prefer Peer Support



As shown in Figure 4, two-thirds of Seniors and Baby Boomers, and nearly two-thirds of Generation X, rely on traditional sources of information for product support. However, a significant shift occurs between Generations X and Y: more than half of Generation Y and New Silent Generation prefer peer support to support from manufacturers or service providers. There are several underlying reasons for this shift, including:

- Social networking.** Clearly the biggest reason for younger customers to prefer peer support is the overwhelming adoption of social networking, with MySpace and Facebook users spending hours meeting virtual friends and establishing online peer groups. These mediums allow users to quickly find opinions or advice on any topic, as well as to share their thoughts and receive rapid feedback. Discussion forums are the support equivalent of social networks, with community platforms enabling peer to peer chat and instant messaging, personal profiles, and interest groups.

- **Democratization.** From presidents and kings to minimum wage burger jockeys, everyone has an equal voice on the Internet. Generation Y was the first group to find a mass audience waiting to read and comment on their every word in stream of consciousness blogs. eCommerce sites now include customer reviews and product ratings. Younger customers find that peers are more likely to give the unvarnished truth, and are considered more credible than corporations and designated spokespeople—and that may even include some distrust of technical support agents.
- **Marketing malaise.** The current battle over ownership of Facebook, and its perceived unlimited potential for advertising, highlights another reason younger customers prefer peer support: they are exhausted from being marketed to. This generation grew up with spam email, up-sell/cross-sell offers, and Do Not Call legislation, and they have a jaded view of marketing, particularly unsolicited advertising. With many self-service sites in the consumer arena focusing more on selling than servicing, younger customers may try to avoid the inevitable and opt for peer support instead.

Through their use of social networking sites and their experience in a radically democratic online culture, younger customers understand the relationship between social capital and credibility in Internet communities. They have become adept at evaluating whether a particular item is likely to be truthful based on contextual data: the site where the information is located, the reputation of the author, the page's Google rank, and so on. They also seek to enhance their own credibility among online peers by managing their online personas carefully, sharing information in some contexts while hiding it in others.

These generational characteristics pose both a threat and an opportunity for SSPA members. The threat is obvious: companies that do not meet the needs of their younger customers may lose control of the support experience—and with it significant brand – equity—as those customers flock to independent sites to discuss the products that matter to them. The opportunity is equally large: companies can take advantage of these generational characteristics as they deploy new Web-based support offerings. Through a judicious mix of appropriate tools and effective processes, they can encourage these customers to support one another, and in so doing create effective brand advocates.

SUCCESS FACTORS FOR ONLINE SUPPORT COMMUNITIES

Given the demographic shift toward acceptance of and even preference for online support channels, many companies are contemplating adding online support communities to their support offerings as a way to engage younger customers. At the same time, rising support costs are making peer-to-peer support channels an attractive financial proposition as well. As a result, companies that want to seize the opportunity that online support communities represent are turning to community experts like Lithium Technologies for advice on what it takes to implement an online support community.

At a minimum, a successful online support community requires not only attractive and engaging features, but also multiple methods of effective information retrieval and a reputation system that recognizes and encourages contributors. It also requires a combination of careful planning, a well-orchestrated launch, effective, on-going moderation and management to protect the company's brands, and focused measurement.

For members of the MySpace and Facebook generation, with their overwhelming adoption of social networks as their online culture, the ability to evaluate the truthfulness of material they encounter on the Web is a basic survival skill. Among the key indicators they have learned to consider are the location of the material and the credibility of the author. The better the author's reputation, the more likely younger customers are to trust the material. In the context of an online support community, this corresponds to a strong reputation system, where users are both consumers and contributors.

Engaging community features

The first job of an online community is to attract members, draw them in, and keep them engaged and excited about the community. The surest way to generate that enthusiasm is to offer community members attractive, easy to use features combined with a reputation system that recognizes and rewards all users—not just super users—for the quality of their contributions.

Forums or discussion boards are at the heart of online support communities. Nothing in an online community builds critical mass faster or more effectively than lively forums. Forums should offer simplicity for the new user, customization and other power features that attract veteran users, and access controls that help corporate sponsors protect their product brands. In addition, forums should have features that help identify and build the reputation of super users, give them incentives to answer questions, and make it easy for users at all experience levels to participate. The result is rapid adoption and a community of passionate members.

Other key features can include:

- **Chat** engages customers in real-time in interactions that range from one-on-one live conversations to giant auditorium-style events managed by teams of moderators.
- **Blogs** provide a way for experts within the company to share the company's best and most current knowledge with customers.
- **Polls** stimulate activity by letting community members vote for their favorites or express their opinions on topics of interest.
- **Private messaging** enables users to communicate directly with each other while protecting their privacy.

Effective information retrieval

Providing good information and making it easy to locate are key to the success of an online support community. For the users who already have some idea of the information they need, plain text search—the access method typically preferred by both Gen-X and Gen-Y—is a good starting point. If that search extends to your CRM knowledgebase, so much the better.

As useful as it is, however, search is only part of the story. Successful communities take a more proactive approach to identifying and displaying valuable information. They offer guided or assisted search. They build information access into the very structure of the community, where the best content from individual forums bubbles up to a position of prominence in leaderboards at every level of the community. They also listen when community members tell them what content is most valuable—by tagging it, voting for it, or recommending it to others—and use that information to boost the search value of selected messages.

For multi-tasking Gen-Y's and NSG's, they provide opt-in forum-level email and RSS feed subscriptions to enable community members stay to date automatically with the questions their friends are asking and the answers they're receiving.

Reputation and recognition

At first glance, there appear to be two basic kinds of online support community members: super users and everyone else. Upon closer inspection, however, the typical online community has members arrayed at every point on the spectrum from newbie to super user—all of whom should be encouraged and rewarded for their contributions.

Casual users visit an online support community when they need information, but super users live there. This makes it hard to overestimate the importance of super users to the success an online support community. They are the heart of a community. They keep the blood moving and the content circulating—their contributions bring a community to life.

Reliance on expert super users is to be expected from the MySpace generation. They are far more interested in what their peers have to say than in anyone else's opinion.

Surprisingly, their parents and grandparents are moving in that direction as well, with a third or more of Gen Y, Boomers, and Seniors preferring to learn from expert peers.

Clearly, discovery and cultivation of super users are essential to the success of an online community. The main avenues for discovery are user actions and the opinions of the rest of the community. What's required is a reputation system that tracks how frequently users contribute and the value that the community places on those contributions, offering increased recognition and rewards as the user progresses up the ranks from newbie to expert.

Recognition can come in many forms: special icons that set super users apart from other community members, customized posting, and personalized signatures. Access to special VIP forums, a popular reward for super users, requires a fairly granular permission system to carve out part of the community for their exclusive use.

Protecting your brand

A frequent concern for companies contemplating adding an online support community, is loss of control over their brands. After all, they've invested far too much in building those brands to blithely hand them over to anyone who cares to log in and post a comment. The online community is an extension of the corporate presence on the Web, and as such, it should reflect on the company in a positive way. The key to maintaining the delicate balance between protecting the company's interests and the openness that younger customers demand lies in fostering a helpful, constructive atmosphere, and discouraging malicious or potentially embarrassing behavior.

This boils down to three basic sets of tasks: setting rules, managing users, and managing content. Some part of it, such as filters for trapping selected content, can be automated. Others, such as modeling positive behavior or banning users, are the responsibility of community moderators.

- **Setting the rules:** A community needs guidelines—published in an easy-to-access location—that set the tone and lay out the ground rules for community life. Ideally, there should be an easy way to post announcements or issue gentle reminders at all levels of the community.

- **Managing users:** The surest way to foster a constructive attitude in a community is to reward the behavior you want to encourage and to dissuade or prevent disruptive activities. Here again, a strong reputation system that includes ways for moderators to give users a thumbs up or bonus points is your ally. On the flip side, what moderators give, they should also be able to take away. A process for handling abuse reports and for banning disruptive users is also essential.
- **Managing content:** Handling content is the other half of the community management equation, and like user management, it requires a combination of solid moderation features—such as content filters, message management, and control over which content and users to highlight—and well-trained moderators to use them. It also requires a light touch. The goal is to protect your brand, without causing the community to feel stifled or censored.

Enterprise-ready community platform

Companies are understandably reluctant to turn support of their products over to a bunch of well-meaning amateurs, so complete operational integrity, coupled with solid management, measurement, security, and integration features are essential requirements for an online support community.

- **Administration and management:** Community managers, who handle planning and day-to-day decision-making, need a wide range of administration and configuration options—both for daily operations and to manage community growth. Optimally, this is a single consolidated Web-based dashboard where administrators can monitor or manage permissions, user rankings, metrics, layout options, and abuse reporting—without the need for IT or development resources.
- **Measurement:** The success of an online support community rests on more than the number of page views or messages posted in any given month. Interesting though these data points might be, they don't help companies spot trends or measure the value the community creates. What's needed is a rich set of metrics from all levels of the community to measure things like resolution rates, the effectiveness of super users, and the popularity of selected products or features.
- **Security:** Key security elements are data security in the form of single sign-on and user information encryption, application-level security such as security ticketing, a granular permission system, and tightly controlled community access, and operational security with guaranteed up-time and multiple intrusion detection systems to protect your online community from unauthorized access.

- **Integration:** One of the challenges of hosting a community is to make it look and behave like an extension of the corporate site. Not only must companies be able to configure an online community to match existing corporate branding, but they must also be able to integrate community data with other corporate knowledge assets.

ABOUT LITHIUM TECHNOLOGIES

Lithium Technologies provides market-leading solutions for building successful online communities, including forums, chat, blogs, search, polls and private messaging. Lithium's on-demand platform, backed by community management expertise, enables clients to increase brand loyalty, sales, and customer satisfaction while decreasing customer care costs.

Lithium's solutions have been implemented by many of the world's largest organizations, including Dell, AT&T, Comcast, Sprint, DoubleClick, Real Networks and others. Founded in 2001, Lithium is privately held, with headquarters in Emeryville, CA. For more information, visit www.lithium.com.

SURVEY BACKGROUND

Lithium Technologies and the SSPA executed a survey in September, 2007 to over 1500 consumers. The age breakdown for survey respondents was as follows:

Age Bracket	Group Designation	Number of Respondents
13-17	New Silent Generation	353
18-29	Generation Y	408
30-42	Generation X	377
43-65	Baby Boomers	261
Over 65	Seniors	108

In accordance with the laws and regulations of the California Committee for the Protection of Human Subjects, parental permission was received prior to surveying participants under the age of 18.