



The mutually managed customer experience

How organizations are stepping up to consumer demands for choice, convenience, and control of customer communications

Executive Summary

We most decidedly operate in a multichannel world. On one hand, new digital devices are adding more speed and more flexibility to communications and offering consumers more choice in how they communicate with each other and with businesses. On the other hand, more traditional communications channels such as mail continue to play a vital role in how consumers conduct their business, and will for quite some time.

Tremendous economic and competitive pressures add to the challenge for organizations as they negotiate today's increasingly complex communications landscape. Few organizations can afford to turn their backs on channels old or new. And new communication channels seem to emerge every day.

Should businesses relinquish choice to their customers, or manage communications in ways that are most efficient for operations? How can businesses strike a better balance between offering flexibility, managing productivity and controlling costs?

With the consumerization of IT, customers are in control. To succeed in this complex, multichannel environment, organizations need to consider how consumers behave—and understand which consumer concerns need to be addressed. Only then can organizations engage in the mutually managed customer experience in a way that is more beneficial to businesses and consumers alike.

The steady, relentless march toward e-delivery

Computer ownership and Internet usage have grown at a tremendous clip.

As of 2009, more than 80 percent of Americans had a computer in their homes, and close to 75 percent had Internet access,¹ whereas in 2003 only 55 percent of American homes had a Web-connected computer.² The upward trajectory is clear.

More than 80% of Americans now have a computer in their homes and, of those, almost 92% have Internet access.

—Nielsen, 2009

Let's take a look at some of the 20th-century predictions for digital:

- Virtual banks will displace branch banking
- Online bill pay will replace paper checks
- E-commerce will eclipse in-store sales
- Offices will soon be paperless

The reality is that none of these predictions has yet come to pass. The shift has yet to occur, as consumers are driving the pace of change (and old habits die hard). Only a handful of virtual banks have found success. Offices worldwide are still using printers, copiers and even the occasional fax. A quarter of bill payments are still done by check.³ And, according to Forrester's projections,⁴ while U.S. online retail sales will grow by an average of 10 percent per year through 2014, the Web will directly account for only 8 percent of U.S. retail sales and influence only approximately half of all consumer purchases.

What began as a digital revolution has become successive waves of digital evolution. All things digital are gaining in popularity and usage, following the classic mix of early, mid and late adopters. New devices like the smart phone and the iPad™ are vastly expanding how consumers communicate and interact, while Facebook® and Twitter™ applications have become today's must-have capabilities.

Today, consumers are embracing the "where you want, when you want" aspect of the new digital age (and what they want still includes paper). For businesses looking to connect with customers, these successive waves of technology adoption impact cost structures, processes and infrastructures in significant ways.

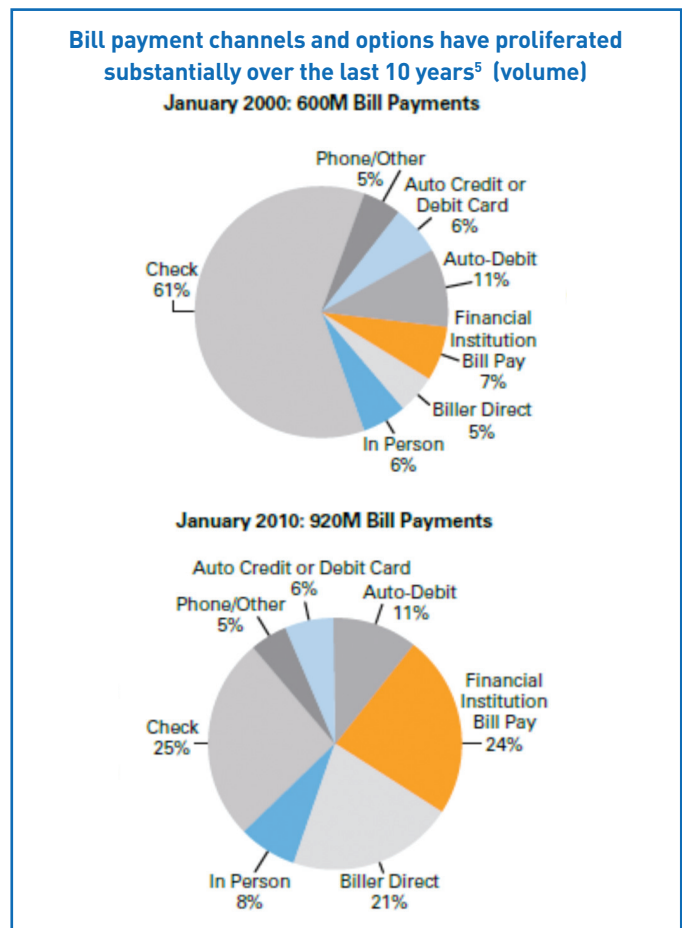


The communicator's challenge

Customers are pressuring companies for a whole range of support that the companies have never had to deliver before.

Never have there been so many different ways for customers to interact and transact with businesses—from traditional paper-based communications to new mobile broadband devices. Customers are pressuring companies for a whole range of services and support that the companies have never had to deliver before.

Consider bill payment. If you take a look at the chart below, you will see that options like Biller Direct and Financial Institution Bill Pay that were just gaining traction a decade



ago are now neck-and-neck with Check Payments. Yet Phone, Auto Credit or Debit Card and Auto Debit are still very much in use. While they don't show up on the chart, Mobile and Text Banking options are rapidly becoming part of the mix.

This multichannel challenge is not unique to financial services. A retail chain, for example, now may sell via its own stores, department stores, factory or outlet stores, catalogs, its company website, Amazon.com, warehouse clubs, and more. Advertising and promotion can consist of print, radio, television, Web, direct mail, email and texts, while customer service is delivered via voice, Web, chat and Twitter.

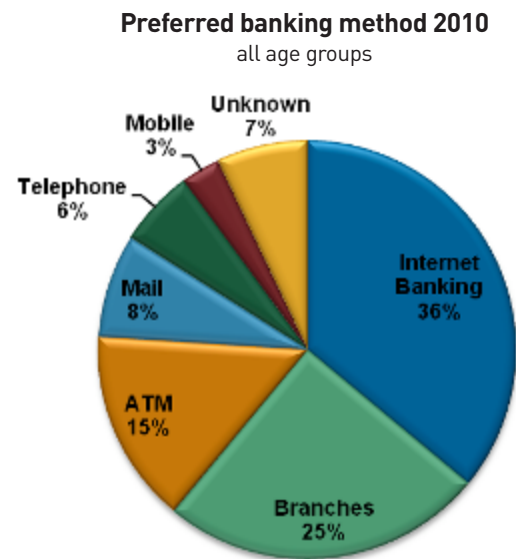
Factors driving consumer choice

When it comes to choosing the ways in which they interact, transact and communicate with businesses, customers' expectations and choices are shaped in a number of ways. Key among them is the degree to which the channels they choose support their ability to be:

- **More responsive.** Communications across the board seem to be moving at a faster and faster pace, and consumers look for ways to respond faster and more efficiently to their employers, friends, neighbors, parents, children, schools, places of worship, organizations and everyone they do business with.
- **More time-efficient.** Today's tough economic environment compels more people to work more hours. Time is at a premium as the "sandwich generation" is caught between caring for both children and aging parents—juggling employment with community service.
- **More security conscious.** Consumers are taking greater care to protect themselves from identity theft. Paper shredders are more commonplace, and with reports of mail theft—theft of personal mail from mailboxes⁵—some early adopters have embraced the online environment for their credit card and banking transactions.
- **More in control.** With all that is happening in consumers' lives, individuals look for ways to assert control where they can, so the need to control how they communicate is more essential than ever before.

Case in point: Consumer banking channels

Consumers want to be able to take care of the same thing, but on different days they may prefer calling, texting, going online, or visiting the branch down the street. They also want—and expect—to be able to check on yesterday's activity and perform tomorrow's transactions without being bound to one channel or another. So, when we look at consumer preferences regarding banking channels, we see a real mix:



ABA survey shows more consumers prefer online banking⁶

When you look at the two different charts showing how consumers pay bills versus how they prefer to bank—even recognizing that these results come from separate sources—an interesting anomaly appears: While 25 percent of bill payments today are made by check, only 8 percent of consumers prefer to bank by mail. At the same time, while Internet and mobile banking comprise 40 percent of preferred banking methods, only 25 percent of bills are paid through financial institution bill-pay sites. These contrasting numbers indicate that **what consumers prefer** and **what they elect to do** do not always align.

When you boil it all down, what we see is that consumers are managing a balancing act of their own. Each consumer is seeking his or her ideal mix of digital convenience; personal traditional processes for handling bills, correspondence and other mail; and the need to feel secure in his or her own choices.

Competing in a complicated world

For businesses, the challenge of managing amid the proliferation of new and disparate types of channels is compounded by additional factors beyond their control.

- In many cases, these new channels are competing for bigger portions of smaller budgets.
- At the same time, most businesses find that they need to pursue a multichannel strategy to attain customer acquisition and retention goals.
- Consumers expect these “multichannel businesses” to be every bit as good at delivering the communications experience through each of their numerous channels as any “single-channel competitor” is at delivering through its channel of choice.
- Whether you call it “customer intimacy” or “customer relationship management” or just plain “knowing your customer,” consumers expect organizations to understand the fullness of their individual relationships regardless of which channel they use—and businesses are scrambling to meet that expectation.

Organizationally, where businesses were once often siloed by product line, they now are further siloed by communication channel. The blogosphere is buzzing over whether IT or “the business” owns or is responsible for customer data, which channels are most effective at generating brand awareness, revenues and customer loyalty, and more. Redundancies are rampant. And, just when costs should be more controlled, the proliferation of new communication channels is placing huge financial burdens on companies worldwide.



Looking for a mutually beneficial, mutually managed solution

Is there common ground between consumers’ preference for choice, security and comfort and businesses’ quest to address those preferences while managing productivity and costs?

At Pitney Bowes, we believe there is, and the answer lies in replicating—and improving upon—the familiar mail experience in a secure, digital environment.

From a business perspective, this approach can vastly simplify the communications production process: All communications, paper and digital, can originate from the same source and leverage existing assets; be compiled using the same processes; and then be printed and mailed through the USPS



to a physical mailbox—or delivered digitally and passed through a consolidator service.

Consider the Volly™ secure digital delivery service. From a consumer perspective, this service retains the choice that they so value, and mitigates the four gating factors that are slowing the digital evolution:

- **Comfort.** The Volly service is designed to help consumers manage and share content from their homes. Within this digital environment, they can sort, file and delete correspondence; tag items for later action; pay bills; peruse catalogs; and place orders for services and merchandise. The interface is intuitive, and the process of managing content becomes the consumer’s own.
- **Convenience.** The Volly service can be used through a desktop, laptop, smart phone or iPad™. More important, like a physical mailbox, it brings together all different types of correspondence, from all sorts of sources, and funnels them into a single location. Consumers are not required to hop from site to site remembering a lengthy list of user names and passwords; instead, they can retrieve branded content, consolidated in one place, all with a single log-in.
- **Control.** Consumers opt in to this service and select which billers, coupon distributors, catalog publishers and other marketers can send them content.
- **Security.** Pitney Bowes has provided secure-mail services, secure payment handling and secure postage evidencing for the U.S. government, the United States Postal Service and almost every Fortune 500 business. We are also at the forefront of digital-mail production processes, having created the software that powers some of the world’s most advanced Automated Document Factories. In short, we have the expertise in mail and in digital environments that can help consumers and businesses rest easy when they use our solutions to create, produce and deliver mail—both physically and digitally.



Volly: Only from Pitney Bowes

Pitney Bowes, the long-standing industry leader in physical and digital communications, is uniquely positioned to offer high-volume mailers a cost-effective digital delivery service that provides a mutually managed customer experience.

Pitney Bowes: Uniquely qualified in this emerging market

- Current relationship with 74% of high-volume mailers across U.S.
- More than \$650 million in free cash flow
- 90 years' expertise in encryption and payment security
- Scalable systems that capitalize on mailers' existing infrastructure
- Intuitive user experience that promotes mailers' brand
- Leadership in customer communication management technologies
- One of the world's largest software companies, according to *Software Magazine*
- Proven coverage across the full mailstream—both paper and digital

The Volly™ secure digital delivery service has the potential to help organizations achieve substantial cost savings, including reduced operating and capital expenditures, while providing value-added benefits to senior management in charge of print and mail, billing, marketing, IT, customer relationships and finance. Overall, this multichannel approach to content delivery helps ensure that mailers can connect with consumers and strengthen customer relationships.

At a time when consumers expect more choice, greater convenience and total control, Pitney Bowes has invented a cost-effective way for mailers to deliver the experience that customers desire.

To learn more:

- visit www.volly.com
- email vollysales@pb.com
- call 203-351-6566

¹ MarketingCharts.com, "Home Internet Access in US: Still Room for Growth," February 2009.

² MaisonBisson, "US Census on Internet Access and Computing."

³ Fiserv, Inc, "Changes in the Consumer Billing and Payment Marketplace 2000-2010," March 2010.

⁴ Forrester, U.S. Online Retail Forecast, 2009 to 2014, March 2010.

⁵ Report on mail fraud, United States Postal Inspection Service, uspis.gov

⁶ <http://www.aba.com/Press+Room/093010PreferredBankingMethod.html>.



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