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We actively penalise some of our customers because they aren't online

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Opinion Piece

Digital by default? Maybe not: A response to Dick Stroud

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Abstract

Organisations should give proper consideration to those of their customers who are not online or are light users of the internet, as channel shift to digital may not always be the right move or yield the best return.

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The author of 'The digitally excluded consumer — Options for marketers' Dick Stroud¹ does the marketing fraternity a great service by reminding us of two groups of people that today's marketers most often overlook in their rush to embrace the latest technology or cost-reducing solution.

The 'digitally disenfranchised' (can't afford it) and the 'digitally disinterested' (can't see the point of it) are an important, yet increasingly ignored, sector within society. The first group is important from an ethical standpoint as they could suffer from the clarion call 'digital by default' that echoes through the corridors of Whitehall, which could exclude them from important information they have a right to access. The second group, as the author points out, is important because they have more disposable income and they could be potential customers — customers we are putting barriers in front of simply because they are being denied means of accessing our products and services.

Worse still, not only do we deny potential customers access, for those of them who are not online and are already our customers, we actively penalize them by making them pay more. We tend to give discounts, preferential treatment and exclusive content only to those who deal with us electronically. Our rationale — online customers are cutting the cost of our servicing them and we pass some of this saving back to that same customer.

We actively penalise some of our customers — think about that. It is as unethical as having the poorest customers on the highest tariffs for energy because they have coin metres. And we do this on the basis of the response vehicle they choose to interact with, rather than on the basis of the history, frequency and lifetime value of that customer.

We may be sacrificing potential profit on the altar of operational efficiency

Whether or not the digitally disenfranchised customer is poorer, they may be good and profitable customers who we could lose because they are being discriminated against. We may be sacrificing potential profit on the altar of operational efficiency.

A company should think carefully about the real worth of the customers they are potentially excluding and whether the additional cost of servicing is worth it in terms of the return they could bring. Look at it end-to-end, as well as in the medium to long-term time scale. In addition, not all channel shifts are successful. Some may just reduce the number of customers and others may not even save much money. One channel shift to online I analysed recently saved very little, as it ended up replacing an inefficient one-stage off-line process with an inefficient (and particularly annoying) two-stage online and off-line one.

A number of years back, I produced a couple of presentations on a similar theme to Stroud's article, using similar data sets (though much less accomplished), with the core purpose of reminding marketing people in Government of their duty to ensure that we were not excluding those who were not, for whatever reason (and there are many), on the internet. I had been speaking about this for many years and, to a certain extent, lost patience (not something that happens often) in a meeting about Fire Kills where I was shown the 'flashy' new website that was to be the core of the campaign. However, the core audience for Fire Kills was (and I assume still is) lower socio-demographic smokers and the elderly, both segments not known for their propensity to either be online or for their high internet usage.

And this perhaps brings us to an area that many often overlook. It isn't just about not being online, even though that is what the ONS statistical bulletins (quoted below) concentrate on. That is indeed a significant audience of some 8.2 million people² (it was 11 million when I did my exercise, so Stroud is quite right about the problem shrinking through people dying but the 'problem' won't be going away for a while). It is, however, also about usage.

The ONS reported that 'in 2011, 83 per cent of UK households had internet access'³ and that around four in every five adults in the UK (81 per cent) used the internet every week⁴; they also show that 'the UK was the country with the highest level of online purchasing, with 64 per cent of adults having bought goods or services online'.⁵ This celebratory slap on the back misses the point that the corollary is that 36 per cent had *not* purchased online — over a third of the British public — who are potential customers.

Not everyone in society is 'always on'

Moreover, there is a further clue in the second statement. 'Used the internet every week' can cover both the semi-addicted 'always on' social media users and approximately half of the UK population⁶ who are classed as 'light users' of the internet, that is, they go online two or three times a week to collect their email and may use it when they absolutely need to, but it isn't their natural channel of choice. They don't automatically think of Googling everything as the younger generation might. The web is there for them, but it isn't always what they want.

There is still a place for the physical in an increasingly virtual world. People need real experiences

If the use of social media is a good proxy for true web enablement or better still web engagement levels, then one is familiar with the headlines and the excited individuals in presentations stating that just over half the population have a Facebook account⁷ but again this means that that *half don't* — perhaps they are our 'light users' who do not see the need. If we look at usage, by concentrating solely on web access and denying other response vehicles, companies could be excluding up to half the country.

Shopping is also worth looking at as supporting evidence. Surely the cheaper online services should have completely decimated the high street by now, as was the original fear some years ago. In some areas they do, but shopping is very much a national, even social, pastime and so people still trundle round the streets in search of a bargain because it is more 'real'. We crave active and social activities and, for most of us, social media is no substitute for physical interaction (witness the latest Skoda TV advertisements that play on this idea).⁸ Taking a ride on a London tube train is also interesting here — the capital recognized as a hot bed of trendy new technology. There are many more people reading the free newspaper than have their tablet or e-book reader to hand — and they like that. There is still a place for the physical in an increasingly virtual world, and indeed some of that 'physical=old fashioned' media is being looked on as increasingly effective in standing out against the electronic world.

Neurologists are keen to point out that the real experiences that we see, feel, smell, touch or hear will outlast the more ephemeral virtual experience, be retained in the memory and lead to a more concrete reaction or (in our case) a response. Royal Mail's recent launch of MarketReach⁹ provided two speakers who emphasized this need for 'real' as there is a growing trend back towards 'experiencing'. One pointed out that social media merely amplified the real experiences of the people using the sites, whether that be a live concert, a street happening or a positive brand experience. It was the 'real' that provided the content for the 'virtual'. Before the closure of COI, we were pushing face-to-face marketing, door drops, inserts and mail, not because we were old fashioned, but because they were particularly effective media at generating quality responses, even though they may not be recognized as such.

The effects of off-line marketing channels are often under-reported in campaign evaluation

Indeed, all direct and off-line media channels are being undervalued in terms of identifiable direct response, as they will prompt online search/web visits but won't get the credit for it. There are several ways to address this and recognize the true value: quote a response code, use a QR code, use specific landing pages for that media, use a specific key word/short phrase in that media and recognize it in the web analytics, have a pop up media survey on site, watch the uplift after the print drops on the baseline traffic and for an overall long-term picture, econometrics. Oddly though, I always found that there were often several excuses for not doing any of this analysis, which masks the true source of enquiries. However, on Tobacco Education it was found that for every door drop response we recognized, another three

door drop responders had gone through online search but had been recorded as search in general analysis.

At a conference recently, a representative from Royal Mail with whom I shared a speaking platform told me that direct mail targeted at young people works quite well, as they are under mailed and so receiving something through the post (assuming it is timely, relevant and motivating as all DM should be) is a bit of a treat/surprise. I can well believe this as I had a number of direct experiences of this in Government. One such campaign targeted 18-year-olds about registering to vote — I recall somebody giving us a hard time in the marketing press about us deciding to mail youngsters — weren't we at all 'web savvy'? But the actual mailing — a personalized newspaper with their name in a huge headline achieved great response, huge pass on and masses of talk — went 'viral' in the real world (where, it must be remembered that nine out of ten word-of-mouth conversations still happen).¹⁰

Another campaign was promoting further education — Aim Higher¹¹ — where the youngsters were seen in our research to be quite happy playing with the stickers in the packs. Indeed, the highest number of responses came through the post, as young people popped a freepost reply card in a post box rather than venturing online.

Is the web always the most appropriate channel to deal with a person's issue or complaint? FAQs, avatars (who often fire back limited comments to your specific queries) and help forums do not always give the customer access to the information they want or, perhaps more importantly, provide reassurance that they might need. Companies that decide to make it harder (or impossible) for customers to access help, through the phone or via letters and forms, might save their operation cash, but may lose customers. They may also lose opportunities to engage with customers and benefit from up-sell and cross-sell. Perhaps this is a false economy.

Given the choice, in my experience, people will generally choose how they deal with you based on:

- urgency of the issue;
- ease of access at that moment in time;
- appropriateness for the subject matter;
- need for reassurance; and
- previous experience of the efficacy of using a response vehicle on this service or other related services.

There are some 631,250 people working as agents at some 5,630 contact centres up and down the land,¹² handling millions of calls. It is important not to forget that just because someone has lots of up-to-date technology doesn't mean they actually have it switched on, or know how to use it, or have the latest version installed. So some of the really clever 'high-end tech' might even be excluding some of your online audience.

Urgency, ease of access, appropriateness and a need for reassurance will impact on people's choices on how they want to deal with your organisation

Indeed, there will be times when your audience just wants a sit down to read in a 'lean back' environment. A well-executed printed direct communication is invaluable and they can read and digest it there and then without the need for a screen, allowing them to respond accordingly. Some of them may even phone or send a coupon/reply card. Actually lots of them will if they are given the option (which does not always happen nowadays) and they are often better-quality leads.¹³ For example, you could complete the Change 4 Life How the Kids survey online, but mothers sat down and completed it with their children; 72 per cent of them came back by post.¹³ For people over 35 (and possibly younger), a coupon or reply card is a psychological trigger that says 'I'm a response advert' and even if you don't get them sent back you will get more response through the other response vehicles.

There is also something about the use of physical print or audio that inspires a level of trust and confidence that may be missing from the web where the communication is ever more ephemeral and can be cancelled or abandoned with a click.

Channel shift is perhaps an admirable goal, but perhaps only when it is an organic move and the consumer also perceives the benefits without the move being forced on them. Companies need to demonstrate the real benefits of transacting online, giving people more reasons to move to the digital environment.

You may, at the end of the day, decide that you want to ignore the 8.2 million people who aren't connected, but do you dare to ignore half the population who just may not transact online that day, or for that particular product or service? Or perhaps they just prefer an off-line experience, for whatever reason. However, if they (or at least a segment of them) are existing customers, prospects who will bring you a net profit or, if you are an organisation like HM Government with a responsibility to inform, then perhaps you shouldn't be ignoring them at all.

**Digital by default?
Maybe, but on the
other hand maybe not**

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