HM Revenue & Customs

Research report

Digital Contact Channel research

Understanding customer preferences and attitudes towards contact channels when using digital services, to understand how these can be used to meet customer needs and expectations.

February 2017

Behavioural & Customer Insight Team

Digital Contact Channel (DCC) research

This report was one of a number of research papers commissioned by HMRC in 2016-17 to support the development of its Personal Tax Account. HMRC reprioritised its portfolio of transformation projects in 2018 to ensure that it delivers key government priorities. However Personal Tax Account work is still continuing, focussing on driving digital take-up and iterative improvements to the existing offer. Additional services will only be added where they reduce phone and post contact and improve customer experience. This research continues to be used to inform that work.

Contents

About HMRC Process and Transformation

The government is committed to reducing burdens for taxpayers and building a transparent and accessible tax system fit for the digital age.

3/E03, 100 Parliament St. London, SW1A 2BQ

Digital Contact Channel (DCC) research

HMRC Process Transformation has been set up to play a leading role in driving radical transformation across HMRC. This work includes radically re-designing HMRC's processes to become more customer-focussed, intelligence led and digitally enabled.

Research requirement (background to the project)

HM Revenue and Customs is designing and testing a number of digital services which will allow its customers to transact with HMRC, check their status and gather information online. Its ambition is to become a 'digital by default' organisation, with online services which are safe and easy to use, provide value for money and ensure revenue sustainability. Part of HMRC's agenda is to increase customer satisfaction, digital confidence and capability as well as increasing customers' propensity to use digital self-serve.

HMRC are aware that although many digitally enabled customers will readily switch to self-serve channels, many others will only do so with support and encouragement. Previous research shows that customers would prefer not to use the telephone for support provided that an alternative channel is available that meets their needs. However, there are challenges to realising the goal of becoming a 'digital by default' organisation. Customers' habits may need to be changed, so that they actively consider an alternative to telephone. Moreover, there is evidence that customers have concerns that digital support would not offer the personalised reassurance they get from telephone support[1].

To inform HMRC's digital strategy, there is a need to identify the contact channel preferences of customers, including the preferences of those who need support to use the digital services while completing transactions or seeking information online. In order to reduce contact by telephone, there is a need to understand what will motivate customers to use digital support channels. HMRC has developed a new contact platform that provides new capabilities through **SMS, Secure Messaging, Webchat, Virtual Assistant and Co-browsing**:

- **SMS:** A way some companies and organisations send customers alerts or confirmations via text message.
- **Secure Messaging:** A way some companies and organisations can send customers confidential information similar to emails, but more securely by logging into an existing account.
- **Webchat:** An online instant messaging tool where you can have a live (typed) conversation with an adviser from the company or organisation over the internet.
- **Virtual Assistant:** An animated helper that appears on your computer screen and provides standard information and links to help pages.
- **Co-browsing:** A way to give temporary remote access to your computer whilst you use it so someone from the company or organisation, such as IT support, can see your screen and help with specific online tasks.

---

[1] These insights are based on a number of customer-facing projects which have been undertaken by HMRC including a number of qualitative projects conducted by Kantar Public.

Digital Contact Channel (DCC) research

This research was designed to inform decisions about which digital contact channels should be introduced more widely and developed further, based on the circumstances in which, and the extent to which, they are likely to be used.

The Digital Contact Channel research had four overarching objectives:

- Explore and identify what support tools customers want /need /prefer /expect when using digital services.
- Identify participant expectations, preferences and priorities (and the importance/strength of them) in relation to using digital contact channels.
- Explore and understand under which circumstances customers would be willing/would not be willing to use digital contact channels, as an alternative to the telephone.
- Explore and understand the extent to which customers would be willing/would not be willing to use digital services as an alternative to the telephone.

When the research took place

The research was undertaken between January and November 2016. Qualitative fieldwork took place between 14th March and 15th April 2016. Quantitative fieldwork took place from 10th June to 27th June 2016.

Who did the work (research agency)

The research was carried out by Kantar Public (formerly known as TNS BMRB). The core research team was made up of Benjamin Collins, Orla Mackle and June Kent.

Method, Data and Tools used, Sample

The Digital Contact Channel research ran alongside the Personal Tax Account and Digital Segmentation research.

The qualitative stage of the Digital Contact Channel research was conducted alongside the Personal Tax Account research, which consisted of 16 x 3.5 hour focus groups conducted across the U.K., including Scotland, Wales and Northern Ireland, alongside 16 x 90 minute interviews with Assisted Digital customers[2]. Discussions around digital contact channels explored:

---

[2] Respondents to the quantitative survey were asked a question about using government services online to provide basic information, make a payment, and provide detailed information, and whether they would need help to determine if they were assisted digital (mirroring the approach developed for the GDS Digital Exclusion and Assisted Digital Research in 2015). Assisted digital = anyone who said they would need some form of help or would not be able to do the task even with help for at least one of the three scenarios. A simplified version of this was used for the qualitative recruitment.

Digital Contact Channel (DCC) research

- Attitudes towards digital services and behaviours including participants' experiences of digital support
- Exploring barriers to digital take-up and how these can be overcome through digital contact channels
- The circumstances and scenarios participants encounter which prompt the need for digital support
- Most appropriate/relevant digital support options when engaging with HMRC
- An exploration of each digital contact channel and perceived benefits/challenges.
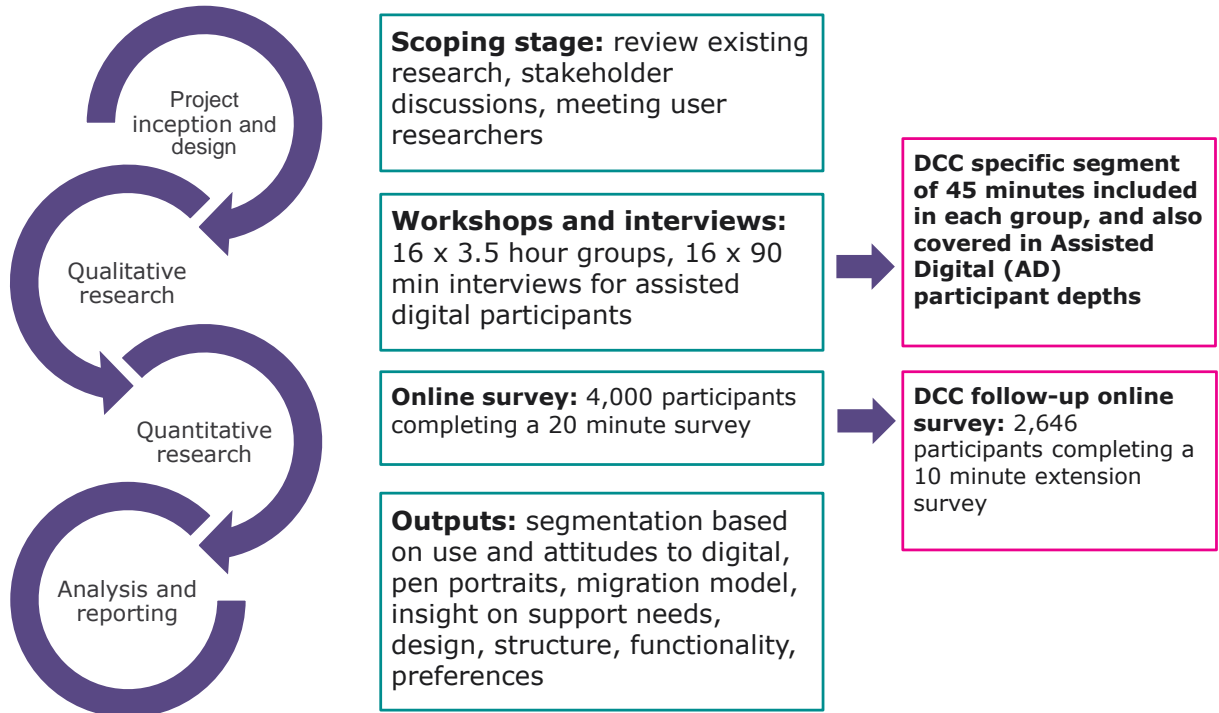
The Digital Contact Channels survey was conducted as a ten minute extension to the Personal Tax Account and Digital Segmentation online survey. The Digital Contact Channels survey was completed by 2,646 respondents. The survey was conducted using the Lightspeed Research Online panel. The response data was weighted to reflect HMRC's customer base that use the internet by age, gender and region. The survey asked respondents about:

- Expectations of HMRC information services and support functions.
- Previous experience of the services and functions with other companies.
- Information provision scenarios – how would participants be happy or prefer to receive different types of information from HMRC?
- Support scenarios – what would participants do initially or next to seek support when…?
- Impact of contact channels on likely use of Personal Tax Account.

It is important to remember that customers who are digitally excluded – i.e. those who are unable to engage online, either due to lack of skills or access – were not included within the scope of this research and therefore where results refer to "customers" they are specifically referring to those who are online i.e. who access the internet. Around 10 – 15% of the overall HMRC customer population is digitally excluded.

Digital Contact Channel (DCC) research

Figure 1: overview of the Personal Tax Account, Digital Segmentation and Digital Contact Channels (DCC) research.

|	
Project inception and design	**Scoping stage:** review existing research, stakeholder discussions, meeting user researchers
Qualitative research	**Workshops and interviews:** 16 x 3.5 hour groups, 16 x 90 min interviews for assisted digital participants → **DCC specific segment of 45 minutes included in each group, and also covered in Assisted Digital (AD) participant depths**
Quantitative research	**Online survey:** 4,000 participants completing a 20 minute survey → **DCC follow-up online survey:** 2,646 participants completing a 10 minute extension survey
Analysis and reporting	**Outputs:** segmentation based on use and attitudes to digital, pen portraits, migration model, insight on support needs, design, structure, functionality, preferences

Digital Contact Channel (DCC) research

Main Findings
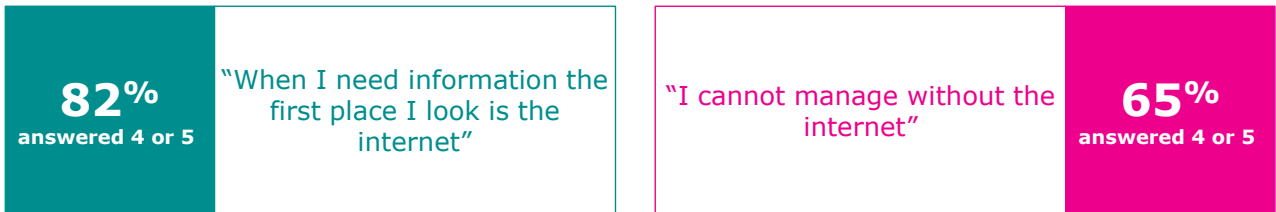
Online & contact behaviours

Customers' reported behaviours demonstrate that they are regularly using the internet and therefore they expect to be able to interact online with government services. 76% of participants said they access the internet several times a day for personal use, and this can be across a range of devices. When asked whether they have experience of using government services online in the last year, 81% said they had, and 91% would be very or fairly likely to use government services online in the future.

When customers were asked attitudinal statements about the internet (see figure 2 below), their responses reinforce the finding that, for many, the internet is an integral part of everyday life.

Figure 2: key online behaviours and attitudes to online.
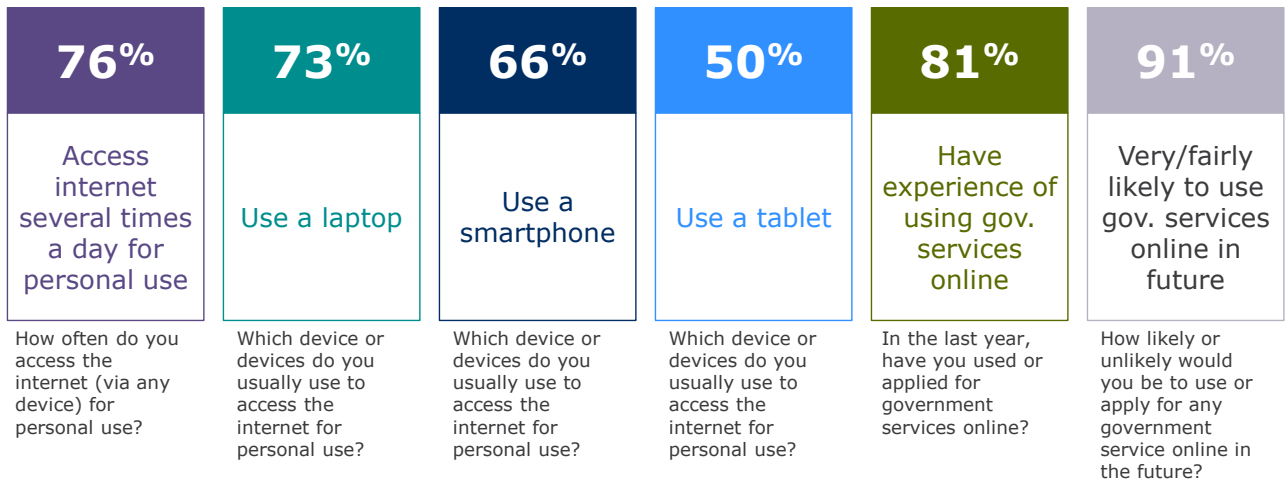
On a scale of 1 – 5*, to what extent, if at all, do you feel each of the following statements applies to you?

82% answered 4 or 5 — "When I need information the first place I look is the internet"

"I cannot manage without the internet" — **65%** answered 4 or 5

*Scale: 1 = this is not me, 5 = this is me

N=2655 (weighted) / 2646 (unweighted)

Digital Contact Channel (DCC) research

When participants were asked about interactions with companies/organisations for different tasks, online was consistently the preferred option, although participants were more likely to prefer online for finding information (78%) than providing information about themselves, be it simple (68%) or detailed (50%).

Figure 3: how participants typically prefer to interact with companies / organisations by type of task
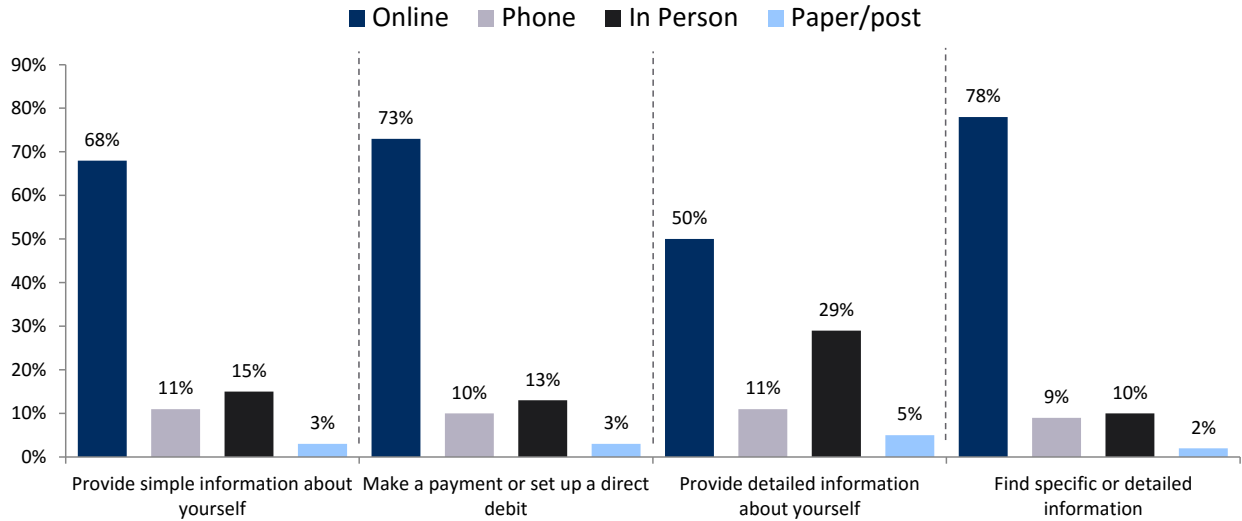

For each of the following situations we'd like you to tell us how you would typically prefer to interact with a company or organisation in order to…?

N=2655 (weighted) / 2646 (unweighted)

Digital Contact Channel (DCC) research

Customers' contact with HMRC in the last 12 months was most likely to be online (48% had contacted HMRC this way), with 39% having used the phone. When asked which information services and support functions they would expect from HMRC, 66% chose HMRC/gov.uk website, 62% chose email and 58% chose telephone. In terms of digital contact channels , there was the highest level of expectation for Webchat (47%), followed by Secure Messaging (37%), Virtual Assistant (27%), SMS (19%) and Co-browsing (8%). For context, 45% expected post/paper and 25% expected face to face options. Assisted Digital[3] groups tended to expect fewer contact options than digital customers generally, but the same proportion of Assisted Digital customers expect Webchat as paper/post.

Figure 4: expectations of information services and support function from HMRC
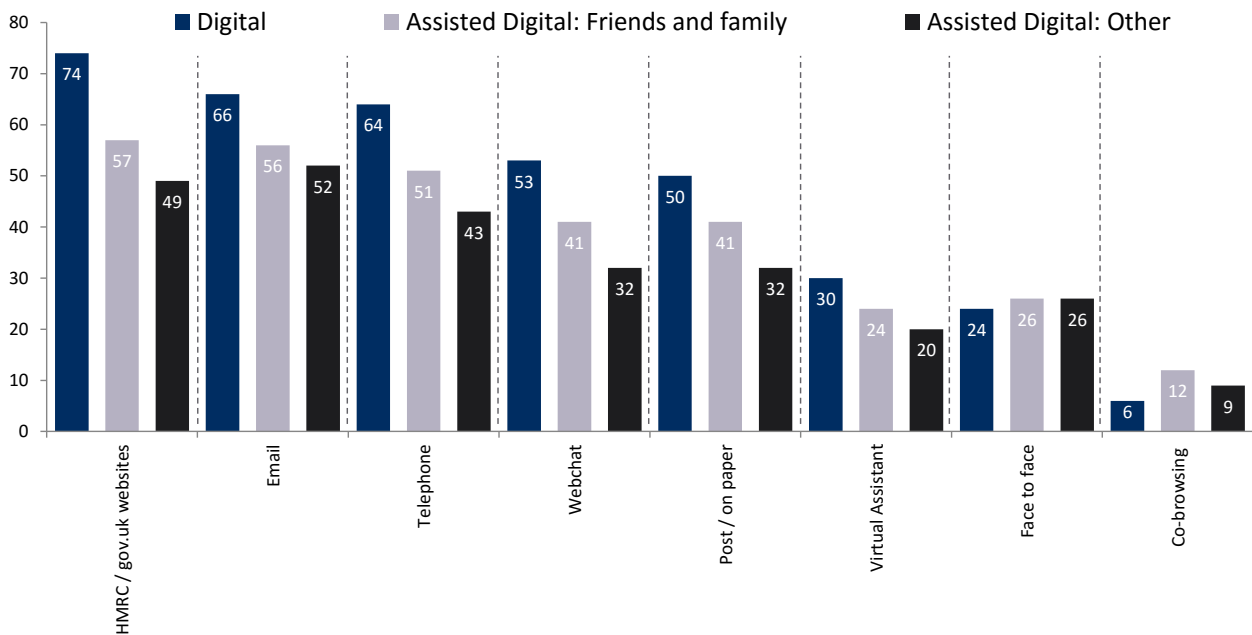
Apart from the Personal Tax Account, which of the following information services and support functions would you expect HMRC to provide? Information, contact or support via...

Assisted Digital Friends and Family: if needed help from friends and family for any task, but not any other types of help. Assisted Digital Other: if needed any type of help but wouldn't rely solely on friends and family.

N=2655 (weighted) / 2646 (unweighted)

Participants in the qualitative strand spoke about the key factors which had an impact on their chosen method of contacting HMRC. They were less likely to use digital contact channels when a matter was urgent, in need of a fast resolution, or if the matter was a complex tax problem which may be difficult to articulate. Perceptions of a consequence to "getting something wrong", such as a penalty or unpaid benefit, could also steer choice of contact channel towards using the phone. Participants also pointed towards the general

---

[3] Assisted Digital Friends and Family: if needed help from friends and family for any task, but not any other types of help. Assisted Digital Other: if needed any type of help but wouldn't rely solely on friends and family.

combination of a lack of knowledge, confidence and awareness about tax as a barrier to using digital services. A lack of awareness that HMRC online services include online support options may also act as a barrier to uptake of digital contact channels.

To understand digital interactions, participants in the qualitative research were asked to think about using the Personal Tax Account[4]. They highlighted a number of common "stress points", based on general past experience, at which they may become confused or frustrated within an online service:

- Web page time out and loss of information, for example, while filling in a potentially complex tax form, were viewed as a key concern.
- While auto-filling was viewed as a beneficial tool for saving time by not having to input information that HMRC already held, many participants commented that incorrect auto-filling could cause anxiety or frustration and could lead to seeking phone line help.
- Needing further reassurance that they were completing a transaction appropriately and correctly was an additional stress point for participants.
- Forgetting passwords and log in details and encountering difficulties re-authenticating their identity was viewed as another stress point.

At these potential stress points on their online journey, customers were largely happy to consider using a digital channel for help if this was clearly embedded within a page and they would not risk losing inputting data. However, if the issue was felt to be sensitive or unique to the user, participants were concerned that SMS, Secure Messaging and Virtual Assistant would be insufficiently responsive to deal with their specific needs and this prompted a desire to reach for the phone.

Those participants who tended to, or wanted to, take greater ownership of their tax affairs were also more likely to be willing to persevere with a digital route.

Customers had a wide range of experiences using digital support channels with government and commercial services. Unsurprisingly and echoing previous research in this area[5], there was agreement across a number of groups that there still needed to be accessibility to a phone helpline should these digital channels fail. Younger groups also wanted this option available, but would only use this option for more complex/difficult interactions or when they had exhausted all other digital channels.

---

[4] Participants were not recruited on the basis of having previously used the Personal Tax Account or other government digital services. The Personal Tax Account was introduced to them as a concept prior to discussions in the groups and depths.
[5] This is based on a number of customer-facing projects which have been undertaken by HMRC including a number of qualitative projects conducted by Kantar Public.

Information provision tools (SMS and Secure Messaging)

The DCC survey revealed that more participants had used SMS (62%) before with other companies than Secure Messaging (55%), but more participants would be comfortable dealing with HMRC via Secure Messaging in future (74%) compared with SMS (67%). Customers, though, seem reasonably comfortable with both and, in general, those who had used a contact method before were significantly more likely to be comfortable with future use.

From the qualitative research, Secure Messaging was seen as a convenient and secure alternative to email. Many had been using this with comparator secure systems such as online banking and had predominantly had positive experiences solving queries through this channel. Participants also viewed this channel as a way of communicating with HMRC, exchanging official information in a way which could potentially replace posted letters. The ability to save a written record of contact (which was not available through phone contact) was also seen as a positive in being able to easily reference previous transactions. In terms of barriers with Secure Messaging, there were concerns around the potential response time, and the challenges of having to log into their account to "check" for messages. Participants on the whole also viewed Secure Messaging as appropriate for an immediate problem. Participants foresaw potential issues with overlooking a notification when they were not logged into their account.

Participants from the qualitative research also relayed that SMS messaging could be used to add a supplementary, extra layer of reassurance to HMRC transactions. Aside from the reassurance element, participants responded positively to the idea that they would have the ability to potentially track correspondence and, as many tended to have their personal phone in their possession, SMS messaging was reported as easy to access and view. Participants on the whole responded that SMS could be beneficial within the PTA for sending acknowledgements, reminders about deadline or prompts to additional information, but it was viewed more as a support channel for other digital contact methods, rather than providing a service in isolation.

Digital Contact Channel (DCC) research

Most participants were happy to receive information from HMRC via paper/post when it was detailed and complicated (60%) or confidential (57%), and via email when it was non-confidential (57%) or urgent (53%). Just over a third would be happy to receive confidential and personal information by Secure Messaging and fewer than three in ten would be happy to use it for detailed or urgent information. SMS was most relevant to non-confidential or urgent information, but overall it was not a popular choice.

Figure 5: information provision general preferences (multiple choice)
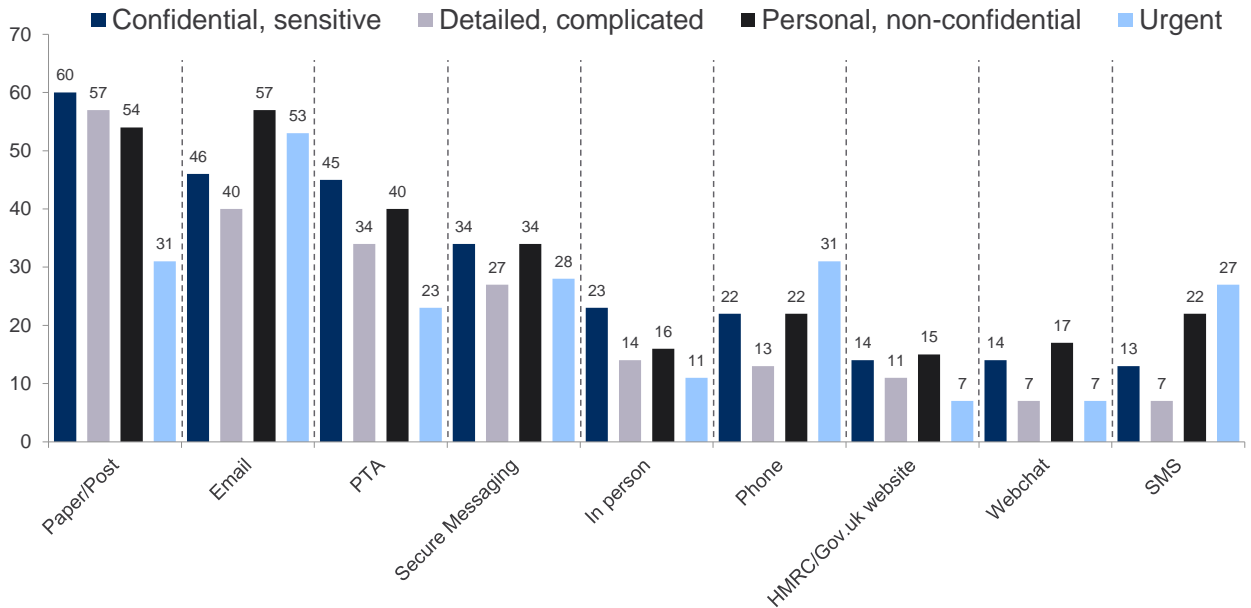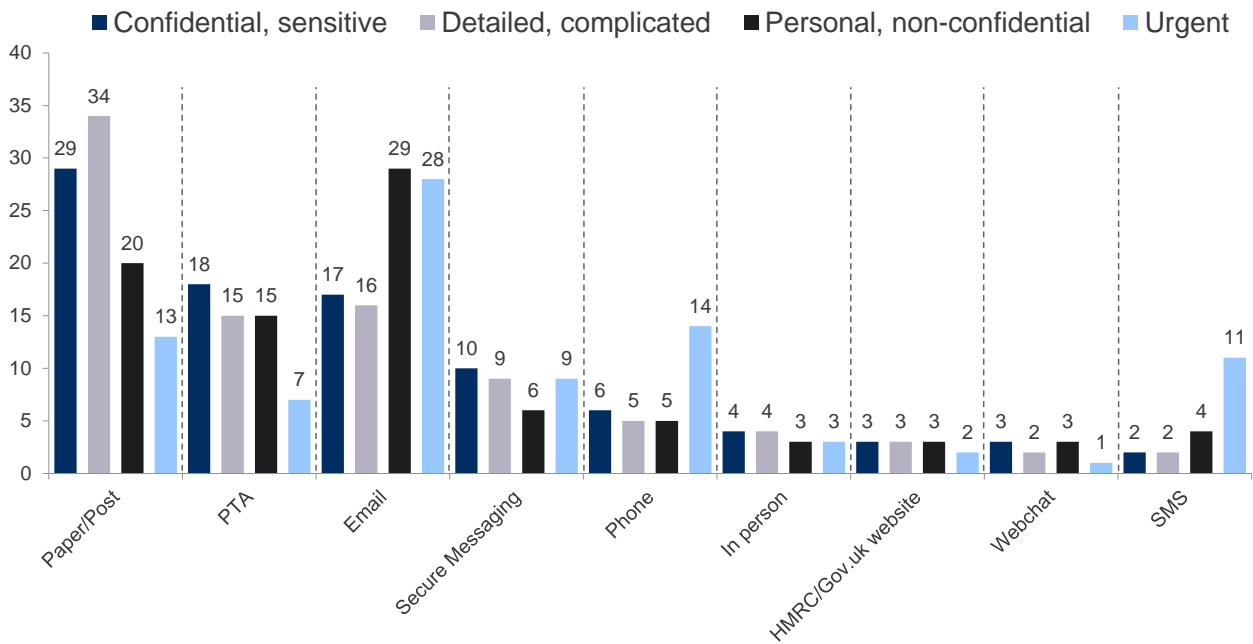

If HMRC had to send you personal information that you would feel is confidential / sensitive, how would you be happy to receive it?
If HMRC had to send you detailed or complicated information, how would you be happy to receive it?
If HMRC had to send you personal information that you do not feel is confidential / sensitive, how would you be happy to receive it?
If HMRC had to send you urgent information, such as telling you about a deadline for a payment or to send something to HMRC, how would you be happy to receive it?

N=2655 (weighted) / 2646 (unweighted)

Digital Contact Channel (DCC) research

When asked which method they would most prefer (a single choice), the same methods came at the top: participants most preferred to receive information from HMRC via paper/post when it was detailed and complicated (34%) or confidential (29%) and via email when it was urgent (28%) or non-confidential (29%). SMS is preferred by one in ten for urgent information, alongside the phone. Secure Messaging is preferred by around one in ten except for personal/non-confidential. Webchat is broadly not perceived as an information channel.

Figure 6: information provision single preference (most prefer - single choice)

And which of these would you <u>most</u> prefer for receiving personal information that you would feel is confidential / sensitive?
And which of these would you <u>most</u> prefer for receiving detailed or complicated information?
And which of these would you <u>most</u> prefer for receiving personal information that you do not feel is confidential / sensitive?
And which of these would you <u>most</u> prefer for receiving urgent information, such as telling you about a deadline for a payment or to send something to HMRC?

N=2655 (weighted) / 2646 (unweighted)

Digital Contact Channel (DCC) research

Support options (Webchat, Co-browsing and Virtual Assistant)

In the survey, participants were asked about their previous experience of using support tools with organisations and their likelihood to use them in future with HMRC. Participants were most likely to have had previous experience of Webchat (70%), compared with Virtual Assistant (48%) and Co-browsing (38%). They were most comfortable with using Webchat (78%) and Virtual Assistant (70%) in future with HMRC. Two in five (39%) would be comfortable using co-browsing with HMRC. As was seen with the information provision tools, those who had used a support option before were significantly more likely to be comfortable with future use.

From the qualitative strand, Virtual Assistant was found to confuse participants who were unsure whether it could provide the "human touch" which they needed to feel reassured that their transaction was being dealt with in a competent and efficient matter. Positively, participants relayed that the Virtual Assistant may help to "put them at ease" with a new website and provide a guide for how it operates. Some participants also highlighted that this support channel could potentially provide prompts for users towards additional services which they were eligible for but were not aware of, or offer online help and support when encountering a difficult transaction. However, there was general concern that an automated platform may not be able to answer some of the more complex queries or provide tailored responses. Some participants struggled to understand the difference between this channel and Webchat.

There was a general view that a Virtual Assistant 'avatar' may come across as "patronising" or "annoying" to the user. Overall, the response to Virtual Assistant was very much framed by previous poor experiences services with comparators, with many participants unsure of how this would be helpful for HMRC transactions.

In comparison to Virtual Assistant, Webchat was viewed as the closest substitute to the phone line; in particular, participants liked the idea of a "real advisor" to provide added reassurance. Participants also liked the time saving offered by Webchat in comparison to the phone; the personalised approach; the potential ability to "do other things" while waiting; and the potential for tailored responses in comparison with other contact methods. It was therefore was the preferred support option from the qualitative research. Participants had widely engaged with Webchat in the commercial sphere and held high confidence and expectations of response and resolution time. 85% of survey participants who had used Webchat before rated their experience as Excellent or Good, which may explain its relative popularity.

As with Secure Messaging, participants also reacted positively to the ability to retain a written record following an interaction with HMRC. There were, however, some concerns around overall response times and the ability to reach the "right person or department" if there was
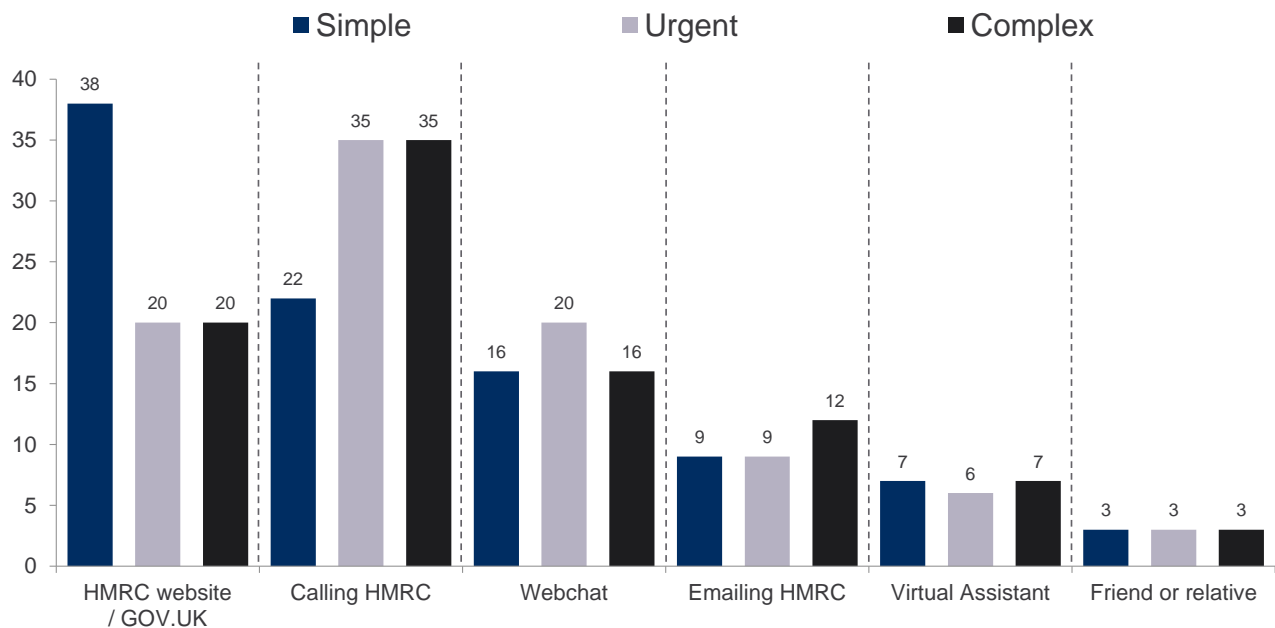
Digital Contact Channel (DCC) research

a complex problem. As highlighted with other channels, the inability for some customers to articulate their tax matters was viewed as a barrier.

Co-browsing was more of interest to the Assisted Digital qualitative research participants but there were worries around potential security breaches. For Assisted Digital users, the ability for this channel to "teach" and therefore empower the participant was appealing, as was being able to be "walked through" their account to build confidence for those unfamiliar with digital platforms or with low digital skills. There were further concerns around the security of this channel, as many participants had not accessed this feature outside of secure work settings and therefore expressed anxiety around the ability of an HMRC official to access personal information on a user computer. Some participants also recalled negative past experiences with this type of platform when dealing with other organisations which had led to viruses and hacking problems.

Survey participants were asked about what they would do when seeking help for a tax or benefits & credits query or problem in different scenarios: simple, complex or urgent. When asked about their initial action when seeking help, for simple queries, the HMRC website/gov.uk was the most popular channel (38%). Participants tended to default to the telephone for complex (35%) and urgent (35%) issues, particularly in the case of tax credits recipients.

Figure 7: Participants initial action when seeking help for an HMRC query


Imagine you have a query/problem relating to tax or benefits & credits that you need help with. Please indicate how would you initially seek support? (Simple/Urgent/Complex)

N=2655 (weighted) / 2646 (unweighted)

Digital Contact Channel (DCC) research

When asked what they would do next if they could not solve their initial query, participants generally had mixed responses. For simple queries, the telephone or Webchat were the preferred next step (both 21%). For urgent queries, they would use Webchat (22%) next, and for complex queries they would email HMRC (22%). If the initial method of contact was the website, around one third would subsequently use the telephone next if their problem was not solved. This is followed by Webchat for urgent or simple queries, and email for complex.

*Figure 8: Participants next action when seeking help if initial method didn't solve it*
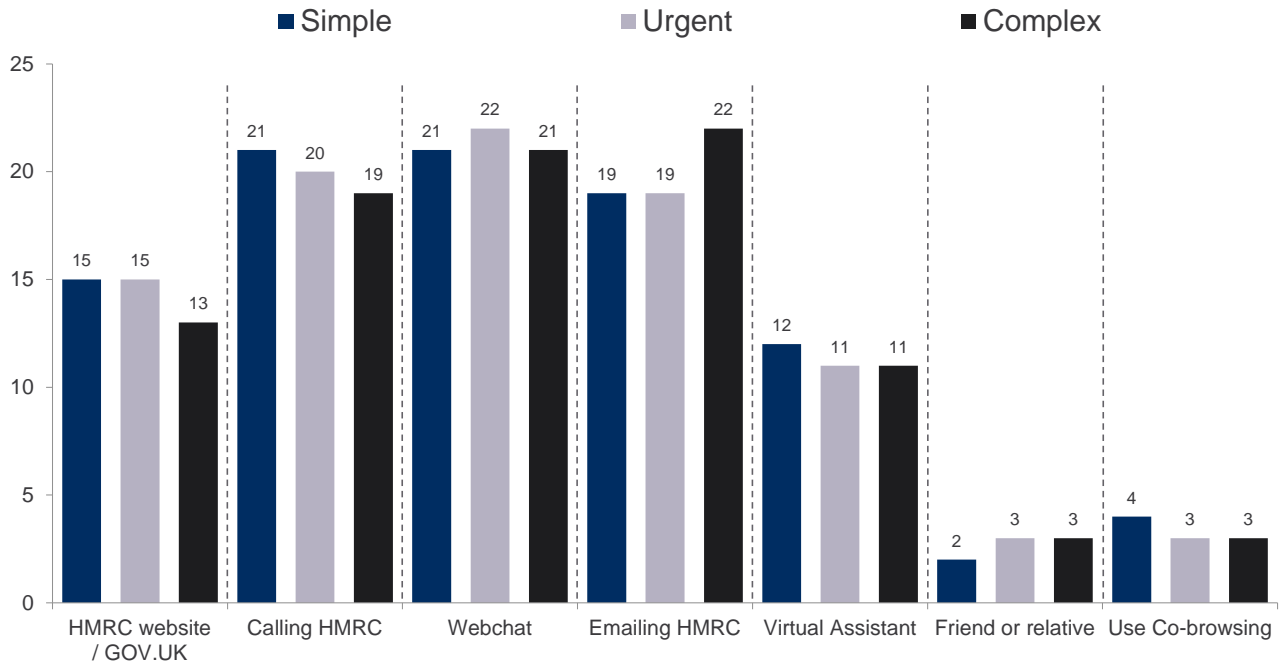
Still thinking about the scenario where you need help with something relating to tax/benefits & credits, if you could not solve the problem with your preferred option or if that option was not available, what would you do next? (Simple/Urgent/Complex)

N=2655 (weighted) / 2646 (unweighted)

Digital Contact Channel (DCC) research

Irrespective of the type of interaction, simplicity/ease of use and faster resolution are the most important factors to encourage the use of the digital support options.

Figure 9: What would encourage initial support via Webchat, Virtual Assistant or Co-browsing
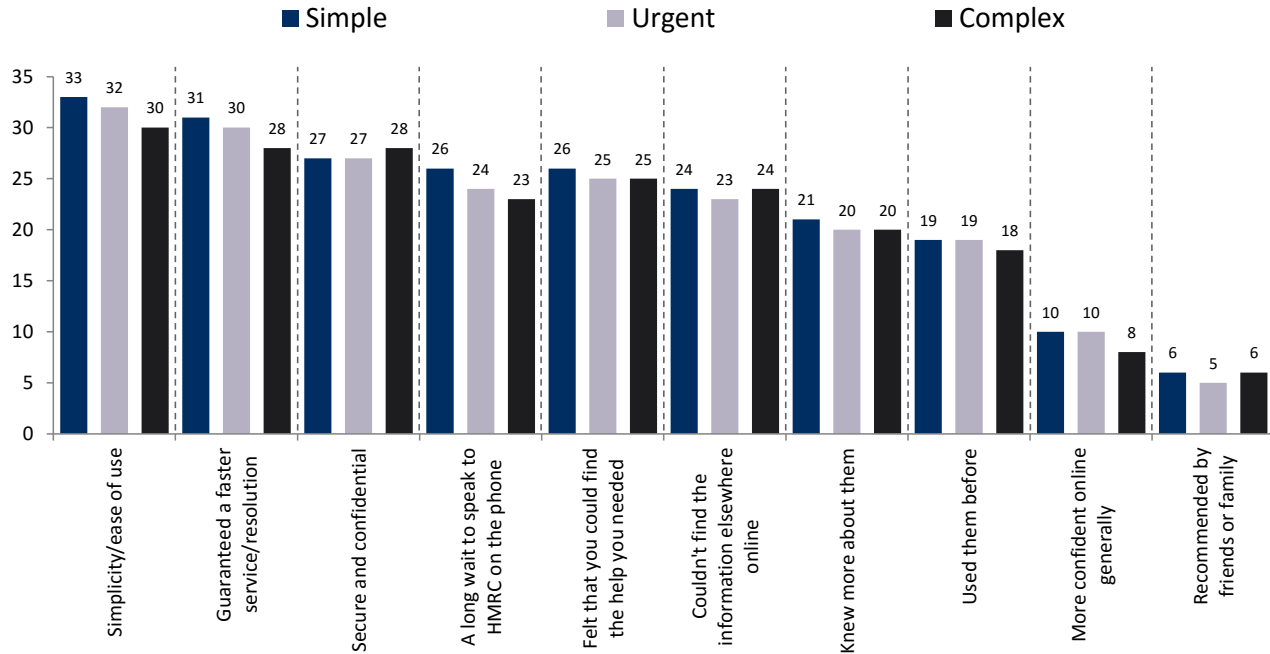
What would encourage you to seek initial support through Virtual Assistant, Webchat or Co-browsing when you need help with something relating to tax/benefits & credits? (Simple/Urgent/Complex)

N= Simple 1330 (weighted) / 1352 (unweighted)
N=Urgent 1276 (weighted) / 1246 (unweighted)
N= Complex 1325 (weighted) / 1326 (unweighted)

Overall views of Digital Contact Channels

In the qualitative research, customers said that good digital support needs to be tailored, secure, intuitive, accessible, and time-saving, and there is a need for clear escalation routes. Strongly resonating with previous work in this area, customers viewed good digital support as a responsive, friendly, interactive service which provides fast responses to suit their lifestyles. Customers fed back that the key to good HMRC support is having someone knowledgeable deal with a query in a reasonable timeframe. Customers reacted optimistically to the concept of being able to tackle less complex HMRC interactions in the digital sphere, in comparison to using the phone line where there may be a long waiting time.

What was clear from participants in the qualitative strand was that perceived desirability and appeal towards a specific channel was largely shaped by past experiences i.e. when these were negative, participants tended to view these as less desirable when interacting with HMRC.

Assisted Digital participants wanted communications and messaging on digital support options to highlight ease of functionality and availability of a range of support channels. Auto-filling to save time and the various options of support available were appealing. However, despite digital support for more complicated matters, they still wanted to have the phone line as an extra layer of reassurance.

Taking the qualitative and the quantitative results together, participants saw the five information channels and support options as follows:

Information channels:
- **Secure Messaging**: an alternative to email, around one third were happy to receive for all types of information. An extra login was seen as a barrier.
- **SMS**: a supplementary tool for information to give reassurance / acknowledgement, best for simple or (particularly) urgent transactions.

Support options:
- **Webchat**: consistent favourite for support, offers 'real' conversation, good experiences with other companies, best alternative to phone. (N.B. it was seen as a support option, rather than providing information).
- **Virtual Assistant**: less popular than Webchat and confusion over what it is, but signposting could appeal to some.
- **Co-browsing**: least popular channel, concerns including security, even with those that had used it before and Assisted Digital. Lower levels of wider use on comparable platforms. Offers ability to teach in most complex / high need situations.