



REPORT

# 2021 STATE OF BILLPAYER BEHAVIOR IN COLLECTIONS

Symend's in-depth study reveals the underlying perceptions and attitudes behind changing behavior, and the impact on engagement and repayment patterns.

Are you prepared for the future of customer engagement?

**The financial wellness of your customers depend on it.**



## A MESSAGE FROM **HANIF JOSHAGHANI,** CO-FOUNDER & CEO AT SYMEND

As we look to the post-COVID future, the economy, spending habits, consumer expectations and priorities are all in flux. There are plenty of theories on what to expect in a post-COVID future, but do you know the science behind changing consumer perceptions and attitudes?

Engagement and repayment patterns are shifting significantly, and these changing behaviors are here to stay. Preparing for the post-COVID future isn't just possible, it's crucial. The financial wellness of your customers depends on it.

That's where Symend comes in. By understanding what is driving shifts in behavior, it becomes possible to prepare for the future of customer engagement. This report is shaped by data from Symend's in-depth lab studies, helping you put the voice of the customer at the forefront of your engagement strategies.

While Symend is focused on mending and protecting relationships between service providers and their past due customers, we also believe in applying these insights at all points of the customer journey. As people navigate this new normal, proactive measures must be put in place to support the long-term financial wellness of your customers, and their relationship with you.

A handwritten signature in black ink, appearing to read "Hanif Joshaghani".

# WHAT YOU'LL FIND IN THIS REPORT

Symend is dedicated to creating stronger relationships between consumers and their service providers, especially during challenging times.

While many experts are releasing research and insights on the impact of the pandemic and post-COVID projections, few speak to the long-term impacts on consumers.

Bill repayment and engagement patterns have shifted significantly, and Symend intended to uncover the underlying perceptions and attitudes behind these changing behaviors and preferences. As your partner in creating customers for life, Symend is committed to sharing highly relevant insights and recommendations, based on your industry:



**Telecommunications**



**Financial Services**



**Utilities**



The Symend Post-COVID-19 Survey was conducted between June 28 and July 8, 2021, among 2,004 participants in the US and Canada. The average sampling error for a sample of this size is  $\pm 2.2\%$  at the 95% level of confidence. This means that we can be 95% confident that a replication of the survey with the same sample size would return results that are within 2.2% above or below current findings. The margin of error is larger for smaller subgroups of the sample.

This post-COVID study was shaped by:

- Symend's insights from engaging and treating millions of consumers
- Survey and web testing data from Symend's dedicated Engagement Science Lab
- Market research and insights from thought leaders in customer engagement, including Salesforce and McKinsey

Symend has initiated several surveys throughout the pandemic to better understand the various ways COVID-19 has affected preferences and behavior. The primary survey referenced was conducted in July 2021 with 2,000 consumers from the United States and Canada, all of whom have primary or shared responsibility for household bills.

This report covers the following:



**Consumer expectations are accelerating the need for digital transformation**



**Digital fatigue is reinforcing the need for personalization**



**Spending priorities have evolved and vary based on income and savings**



**Consumers are prioritizing bills to make ends meet**

In addition to the insights and key findings from the in-depth research, you will find recommendations from Symend's PhD behavioral scientists throughout this report that will help you:

- Understand the unique needs of your customers
- Adapt your customer engagement strategies to the post-COVID future
- Proactively support your customers as they adjust to a new normal
- Increase customer satisfaction and retain customers

## TABLE OF CONTENTS

CONSUMER EXPECTATIONS	1-6
DIGITAL FATIGUE	7-13
CONSUMER SPENDING	14-19
BILL PRIORITIZATION	20-23
APPENDIX	24-25



# CONSUMER EXPECTATIONS



## CONSUMERS EXPECTATIONS ARE ACCELERATING THE NEED FOR DIGITAL TRANSFORMATION

At the start of the pandemic, call center volumes skyrocketed as consumers became anxious about their ability to pay for and access their services. As we adjusted to a new normal, many service providers put new digital tools in place to adjust to customer service needs. This has accelerated digital adoption, and consumer expectations have evolved as a result. Service providers need to consider how to ensure the continued use and adoption of their digital tools by aligning with consumer expectations, while prioritizing ease of use and convenience.

This section covers the following concepts:

- The importance of digital during a crisis
- The acceleration of digital adoption
- The science behind digital adoption
- What digital tools and services consumers expect
- Why personalized digital offerings retain consumers
- Improving cure rates with digital tools

**42%** use their provider's digital tools significantly more than before COVID-19.<sup>1</sup>

**88%** used flexible payment options such as deferrals, extensions or arrangements to manage debt due to COVID-19.<sup>2</sup>

**4-IN-10** are likely to leave their provider if they do not offer the digital tools they expect.<sup>1</sup>

## THE IMPORTANCE OF DIGITAL IS AMPLIFIED DURING A CRISIS

Service providers that maintain customer service quality and provide a positive experience during difficult times are best positioned to retain customers. Salesforce reported that 51% of consumers trust a company more because of how it responded to the COVID-19 crisis.<sup>3</sup> Many service providers offered payment accommodations and accelerated digitization to meet the immediate needs of their customers.



During the pandemic, call center wait times extended to more than five hours for many services. This confirms that digital tools are no longer transitory, but are required for survival. Service providers that have accelerated their digital transformation efforts will improve customer satisfaction and loyalty, while those behind the curve will be left behind if they cannot meet consumer expectations.

-Carmine Maurizio, Product Evangelist at Symend & Former Business Consultant at TELUS

Although digital offerings are highly effective for reducing inbound call volumes, they do not eliminate the need for call centers and other traditional service offerings. A digital-first approach allows providers to rapidly pivot and elevate customer service at scale, while building trust. Providers can then re-deploy resources to provide one-on-one support to those who need it most.



of respondents to a Symend survey in April 2020 indicated that they used flexible payment options and tools such as payment deferrals, extensions and arrangements to manage debt due to COVID-19.<sup>2</sup>

As government assistance is rapidly reduced, there will be an additional need for flexible payment options and an increased awareness of other payment accommodations. Non-defense government spending has fallen to 10.4%, after rising 40.8% in the first quarter of 2021.<sup>4</sup> Uncertainty due to market factors and unexpected events, such as the Texas electricity crisis and forest fires across parts of North America, will continue to influence the importance consumers place on access to digital offerings.



### CASE STUDY: SYMEND POSITIVELY ENGAGES TELUS CUSTOMERS DURING COVID-19<sup>5</sup>

Symend helped TELUS respond rapidly during a crisis, while providing a flexible and personalized experience during a difficult time.

**25.3%**

click-to-open rate

**220%**

increase in digital interactions

**85%**

reduction in inbound agent interactions



## THE ACCELERATION OF DIGITAL ADOPTION

A McKinsey survey indicated that digital adoption in North America increased by nearly 19% between December 2019 and July 2020.<sup>6</sup> Symend's survey demonstrates that digital adoption is accelerating even faster across telecommunications, financial services and utility providers, with 42% indicating they use their provider's digital tools significantly more than before COVID-19.<sup>1</sup>

In April 2020, a survey from McKinsey reported that 75% of people using digital channels for the first time indicated that they would continue to use them post-COVID.<sup>7</sup> Many service providers rapidly implemented additional digital offerings to adjust to customer service needs during the pandemic, but the need to invest in digital is long-term.

SYMEND

**42%** indicated they are using their service provider's digital tools significantly more today than before COVID-19.<sup>1</sup>

McKinsey&Company

**75%** of people using digital channels for the first time indicated that they would continue to use them post-COVID.<sup>7</sup>



**88%** of consumers expect companies to accelerate digital initiatives due to COVID-19.<sup>3</sup>

## THE SCIENCE BEHIND DIGITAL ADOPTION

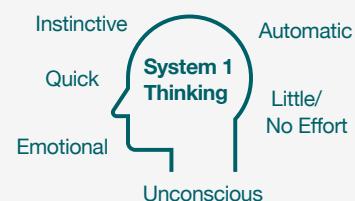
With the drastic increase in digital adoption as a result of COVID-19, many consumers are using digital offerings more, or for the first time. Consumers who are less familiar with digital channels and tools may experience frustration if the perceived effort is greater than the perceived reward. Service providers need to reduce friction by prioritizing ease of use and convenience.

Adoption is most successful when new tools are complemented with messaging that highlights the simplicity of use. This empowers consumers by increasing confidence in their ability to use the tool, while helping them overcome challenges that may have previously prevented adoption of other tools.

In his groundbreaking research in his book *Fast and Slow Thinking*, Nobel Prize-winner Daniel Kahneman showed that our brain has two operating systems.<sup>8</sup> System 1 is our instinctive, automatic response—fast thinking. System 2 is our more analytical, conscious and rational mode—slow thinking.

During the initial learning and adoption phase, consumers will typically need to rely on System 2. System 2 is the brain's slow and controlled way of processing information. This takes conscious effort, but a strong user experience will help consumers accelerate their shift back to System 1, where information processing is much quicker. The shift is accelerated when consumers need to exert less cognitive effort, while achieving a positive outcome. This reinforces the value of digital, and makes digital channels and tools stickier.

### DANIEL KAHNEMAN'S SYSTEMS OF THINKING



## WHAT DIGITAL TOOLS AND SERVICES CONSUMERS EXPECT

Do you know what tools customers consider to be must-haves? Taking a data-driven approach is essential to focusing your digital transformation efforts, so you can deliver what customers expect and need, while maximizing ROI.

Symend's survey shows that digital tool preference varies based on whether the consumer is behind on bills.<sup>1</sup> This demonstrates the importance of offering a variety of tools and personalizing customer interactions, down to which tools you promote and the situation or context.

### MUST-HAVE DIGITAL TOOLS AND SERVICES



#### TELECOMMUNICATIONS PROVIDERS

##### Consumers that are behind on bills:

- » Online bill-pay
- » Payment arrangements
- » Mobile account management & self-service support and troubleshooting

##### Consumers that are not behind on bills, but expect to be soon:

- » Online bill-pay
- » Payment arrangements
- » Mobile account management

##### Consumers that are not behind on bills:

- » Online bill-pay
- » Add/remove features
- » Paperless billing



#### FINANCIAL SERVICE PROVIDERS

##### Consumers that are who are behind on bills:

- » Online bill-pay
- » Payment arrangements
- » Mobile account management

##### Consumers that are not behind on bills, but expect to be soon:

- » Online bill-pay
- » Mobile account management
- » Payment arrangements

##### Consumers that are not behind on bills:

- » Online bill-pay
- » Paperless billing
- » Mobile account management

McKinsey's e-care survey indicated that 45% of utility customers would prefer to use digital channels as their primary means of engaging, yet only 22% are doing so.<sup>9</sup>

While utility customers prefer digital channels, many are not engaging with what is offered. Utility providers can increase satisfaction and engagement by focusing on the digital channels and tools consumers expect.

Symend's survey indicated that these digital tools are considered must-haves, regardless of industry:<sup>1</sup>

- Online-bill pay ranks as a top priority across both telecommunications and financial services, regardless of whether the consumer is behind on bills.
- For consumers who are behind on bills, payment arrangements were among the top three must-have tools across both industries.

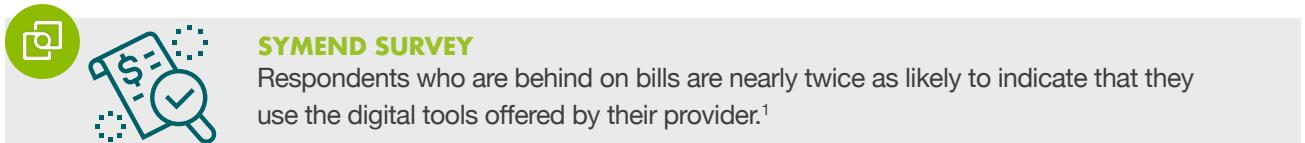
## WHY PERSONALIZED DIGITAL OFFERINGS RETAIN CUSTOMERS

The tradeoff of not meeting consumer expectations is staggering, with four in ten consumers indicating they are likely to leave their provider if not offered the digital tools they expect.<sup>1</sup> While most providers have gone partly digital, they may need to offer additional tools or optimize their existing offerings to match what consumers expect or require. Creating targeted strategies based on expectations can help consumers stay caught up on bills, while improving retention through an enhanced and personalized experience.



## IMPROVE CURE RATES WITH DIGITAL TOOLS

Consumers who are behind on bills or experiencing a loss of income will continue to require access to digital tools.



Of the respondents that indicated they always use the digital tools provided, 77% experienced a complete or partial loss of income during COVID-19.<sup>1</sup> Not offering digital tools to consumers who are behind on bills will significantly impact engagement and repayment rates.

Being behind on bills typically comes with feelings of helplessness and lack of control.<sup>10</sup> When people feel in control, they believe their actions will result in positive change, which empowers them to act. This increases the consumer's sense of autonomy, known as self-agency.<sup>11</sup>

 The ability to control external events through our own actions.  
(Moore, 2016)



Digital tools put power back in the hands of the consumer by offering them flexibility and convenience. This empowers consumers, by giving them the autonomy to make the best decision for themselves without pressure or perceived judgement from an agent. Without access to digital tools, past due consumers will likely revert to avoidance behaviors, known as the ostrich effect<sup>12</sup>, which will delay their ability to break out of the cycle of debt.<sup>12</sup>

-Alison Doyle, PhD, Senior Behavioral Scientist at Symend

 Avoiding apparently risky financial situations by pretending they do not exist or, less specifically, avoiding exposing oneself to information that one fears will cause psychological discomfort. (Karlsson et al., 2009)

Avoidance behaviors may also occur as a result of social comparison bias<sup>13</sup>. If consumers perceive the agent as "better", they may think that the agent is judging them or looking down on them and will choose to avoid engaging altogether.

 The processes by which individuals evaluate their own abilities, opinions, attitudes, feelings, physical features, accomplishments, or any other self-aspect in relation to other individuals and/or groups. (Guyer et al., 2018)



# DIGITAL FATIGUE



## DIGITAL FATIGUE IS REINFORCING THE NEED FOR PERSONALIZATION

Consumers are experiencing a digital paradox as they seek digital offerings more than ever, which competes with the digital fatigue many are experiencing. Service providers need to adapt their engagement strategies to meet consumer expectations, while addressing digital fatigue. Content-saturated consumers need tailored messaging that is highly relevant and attention grabbing. If digital fatigue is neglected, consumers will continue to ignore service provider communications and miss paying their bills.

This section covers the following concepts:

- Understanding digital fatigue
- How digital fatigue impacts bill repayment
- The digital paradox consumers are experiencing
- Messaging that resonates with consumers

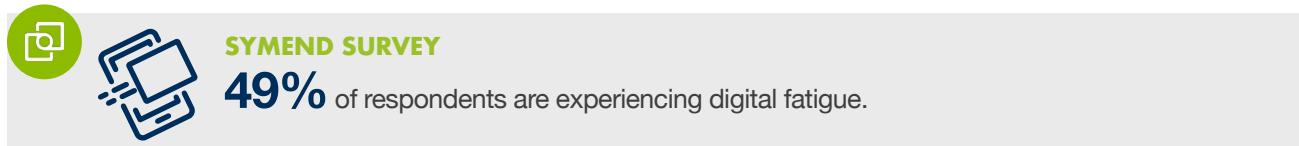


**49%** are experiencing digital fatigue.

**39%** of those experiencing digital fatigue are more likely to miss or be late paying a bill than before the pandemic.

## UNDERSTANDING DIGITAL FATIGUE

Pandemic restrictions resulted in work from home orders and fluctuations in employment, and 65% of Symend's survey respondents indicated that their screen time increased as a result of COVID-19.<sup>1</sup> Digital fatigue occurs when an excessive amount of time is spent on digital devices which causes stress, desensitization toward the environment, loss of interest, and physical and mental problems.<sup>14</sup> Nearly half of respondents to Symend's survey indicated they are experiencing some degree of digital fatigue.<sup>1</sup>



### DIGITAL FATIGUE BY ANNUAL INCOME

#### Moderate Digital Fatigue

\$100K - \$150K	3.22
Less than \$25K	3.12
\$150K - \$200K	3.10

#### Mild Digital Fatigue

\$50K - \$100K	3.00
\$25K - \$50K	2.99
Greater than \$200K	2.97

*Digital fatigue composite scores were derived from a 12-item digital fatigue symptom scale, and a range of 1 to 5. Scores from 2.5 to 3 are considered mild, and scores of 3-4 are moderate.*

While digital fatigue is often seen as a phenomenon for higher income white collar workers, Symend's survey shows that the impact was felt across all individuals regardless of socioeconomic status.<sup>1</sup> The results also show that those most significantly impacted were in two vastly different income brackets.<sup>1</sup>

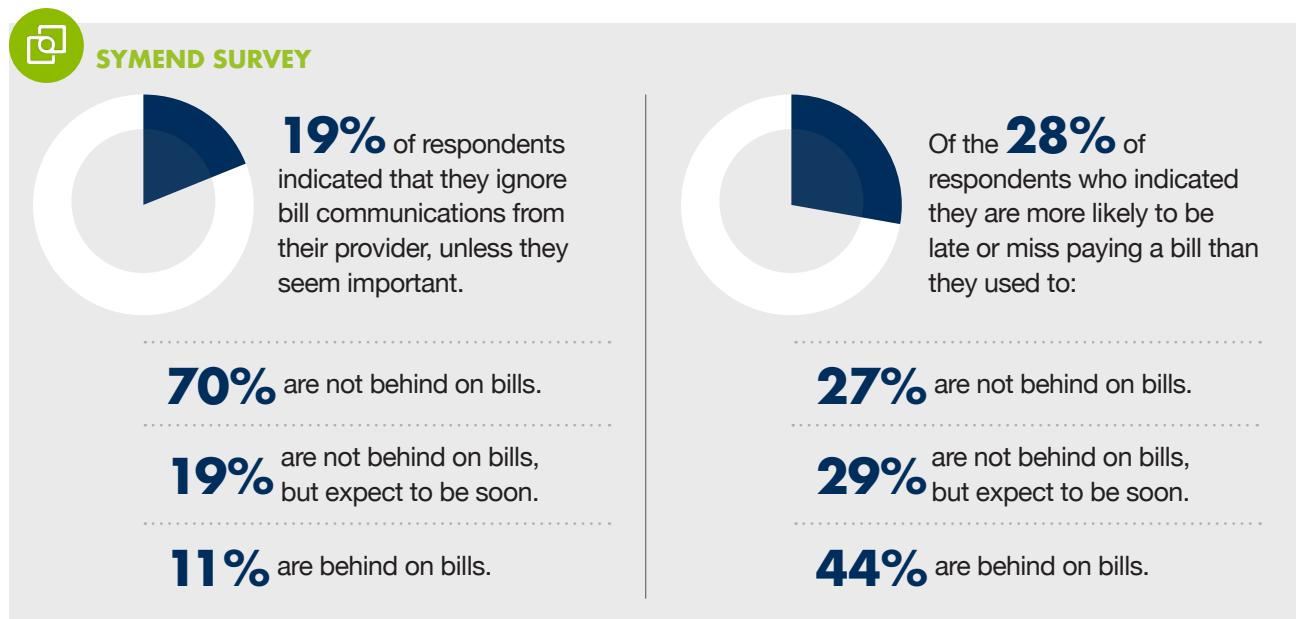
Symend's findings on digital fatigue and income highlight the importance of building consumer engagement strategies that are data-driven, and that assumptions should be validated across various consumer groups. Without this data, providers may have interacted with their customers based on income alone, which would have been ineffective in this case. Symend has proven that understanding these types of nuances is crucial, and that context, perceptions and past behavior should form the basis of personalized engagement strategies as they are more indicative of future behavior.



## HOW DIGITAL FATIGUE IMPACTS BILL REPAYMENT

Digital fatigue is being felt by most people, regardless of whether they are behind on bills. Consumers are content-saturated and, as a result, they are ignoring communications and missing payments more than ever before.

Of those respondents who are currently experiencing digital fatigue, 39% indicated they are more likely to miss or be late paying a bill.<sup>1</sup> For those who are not experiencing digital fatigue, only 6% say they are more likely to be late or miss paying a bill. This demonstrates that digital fatigue has been impacting consumers and their likelihood to pay bills on time, regardless of their ability to pay.



Consumers may either ignore bill communications by choice, or simply because the communication is not capturing their attention. Regardless of the reason, providers will be best positioned to ensure their communications stand out, if they begin by addressing digital fatigue and strive to shift the behavior. Providers should personalize communications, send relevant and timely information and use the channels their customers prefer. During periods of digital fatigue, providers should consider paring back outreaches to avoid oversaturating consumers, which will help increase engagement for the most important communications.

## CAPTURING THE ATTENTION OF THE DIGITALLY FATIGUED

As we've showcased throughout this report, the pandemic has brought on a paradox for the post-COVID consumer. Consumers have adopted more digital tools and, as a result, expect providers to accelerate digital offerings. With 35% of consumers indicating that they ignore emails and texts more than ever before<sup>1</sup>, these expectations are at odds with the strong presence of digital fatigue.



As the pandemic took hold, businesses significantly increased the frequency at which they digitally engaged their customers. Open rates and click rates initially increased during the pandemic as customers were stuck at home but, over time, they have started to trend downwards significantly. Digital fatigue is real, and it impacts how businesses engage with their customers. It is critical that every outreach sent is contextual and highly relevant in order to keep your customers engaged, and your brand top of mind.

-PehKeong Teh, Chief Product Officer at Symend & Former SVP, Marketing-Cloud at Salesforce

Providers need to focus their efforts on the tools and channels consumers expect, while ensuring all interactions are shaped to offset digital fatigue. According to Salesforce, as consumers become content-saturated and fatigued, it's more important than ever to personalize.<sup>15</sup> In addition to personalization, providers should ensure digital tools and communications require minimal time, focus and cognitive energy from the consumer.

Digital fatigue is amplified by habituation<sup>16</sup>, which results in a weakened response from repeated exposure to various things. If a consumer received repetitive communications from their provider, they are likely to 'habituate' to them and thus be less likely to read or act on those messages. Habituation is occurring at an accelerated rate because many businesses have shifted to primarily digital content, which is overloading consumers. To combat habituation, providers need to personalize each interaction, based on their behavior. When repetitive communication is required, providers can prevent habituation by positively reinforcing the action taken by the consumer.

 A behavioral response decrement that results from repeated stimulation and that does not involve sensory adaptation/sensory fatigue or motor fatigue. (Rankin et al., 2009)

BY USING BEHAVIORAL SCIENCE PRINCIPLES TO OVERCOME HABITUATION AND FATIGUE, SYMEND HAS SIGNIFICANTLY EXCEEDED INDUSTRY ENGAGEMENT STANDARDS.



Open rates up to  
**2.5X**  
industry average



Click rates up to  
**5X**  
industry average

## MESSAGING THAT RESONATES WITH CONSUMERS

There's no better way to connect with your customers than using messaging that resonates, demonstrating an understanding of their needs. Symend's survey shows which messages are preferred by consumers, but every provider needs to align these findings with their business priorities and brand. Messaging should always be tested for effectiveness to ensure it is appropriate for different groups of customers, and suits the context.

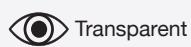
**CUSTOMERS WHO ARE BEHIND ON BILLS PREFER COMMUNICATIONS THAT ARE<sup>1</sup>:**



**CUSTOMERS WHO ARE NOT BEHIND ON BILLS, BUT EXPECT TO BE SOON PREFER COMMUNICATIONS THAT ARE<sup>1</sup>:**



**CUSTOMERS WHO ARE NOT BEHIND ON BILLS PREFER COMMUNICATIONS THAT ARE<sup>1</sup>:**



Transparent



Empathetic



Supportive



Informative



Flexible



### USE CASE: TRANSPARENT MESSAGING

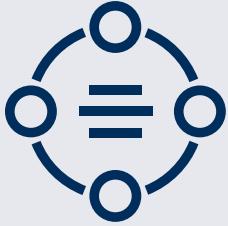
Given that the pandemic brought on mass amounts of uncertainty, transparency has become essential, so consumers feel informed and better equipped to plan for the future. Symend's survey shows that transparency is valued by consumers regardless of their ability to pay their bills.



### USE CASE: EMPATHETIC MESSAGING

When the pandemic began, companies rushed to reach out to their customers and show their support through empathetic messages. A Symend survey shows that between March and April 2020, consumers received an average of 12 empathetic messages.<sup>2, 17</sup> Every consumer is in a unique situation, which means that messages should not be one-size-fits-all regardless of whether they are empathetic in nature. While empathy can be very effective, it can also be perceived as disingenuous when used too liberally, in situations where it is not appropriate or if providers do not offer support and flexibility.

For consumers who are behind on their bills, empathy can be very impactful when used correctly. This is especially important during unexpected events, when many consumers unexpectedly fall behind and require additional understanding and support.



## USE CASE: INFORMATIVE MESSAGING

Consumers who are not behind on bills but may be behind soon value clear, relevant information about their services, such as balances and due dates, over empathy. This confirms the need for personalization based on circumstance.

With lockdowns and the absence of routines that were once considered normal, the pandemic has changed our perception of time. This is considered a loss of self-agency, known as the ability to structure and manage our own time. As the days start to blend, it is more likely that deadlines and planning will slip. In a Symend survey in July 2020, 64% of participants indicated that they used a combination of debt calculators, budgeting tools and applications to manage their debt due to COVID-19.<sup>2</sup> This demonstrates the value many consumers place on resources that help them plan for the future. As we transition out of the pandemic, providing consumers with more time- and goal-oriented language will help reinforce that sense of agency and drive them towards the optimal outcome.



## MESSAGING TO AVOID

While it is important to communicate more and stay top of mind during difficult times<sup>15</sup>, outreaches with an empathetic, urgent or risk-averse tone should be used with caution as many consumers may already be in an emotional state for a number of reasons. These types of messages are likely to cause strong, negative reactions and cognitive drain. This may compound the impact of digital fatigue, leading consumers to disengage further and ignore communications.



# CONSUMER SPENDING



## SPENDING PRIORITIES HAVE EVOLVED AND VARY BASED ON INCOME AND SAVINGS

Consumer spending priorities are more contextual than ever. The projection of an uneven recovery has been validated by Symend's survey, which confirms that spending priorities vary significantly based on the consumer's income and savings balance. High-income consumers are prioritizing what some refer to as "revenge spending", with an increased focus on discretionary spending including travel, home improvements and entertainment. Middle-income consumers have an evenly distributed focus, prioritizing saving, travel and credit card payment, while low-income consumers are solely focused on debt repayment.

**34%** are working at a lower pay than they were before the pandemic.<sup>1</sup>

**32%** have more savings than at the start of the pandemic, and 29% have less.<sup>1</sup>

Top five spending priorities across all respondents, regardless of income or savings balance:

- Fixed expenses (mortgage/rent, utilities, insurance)
- Savings
- Entertainment
- Payment toward credit card
- Cable/streaming services



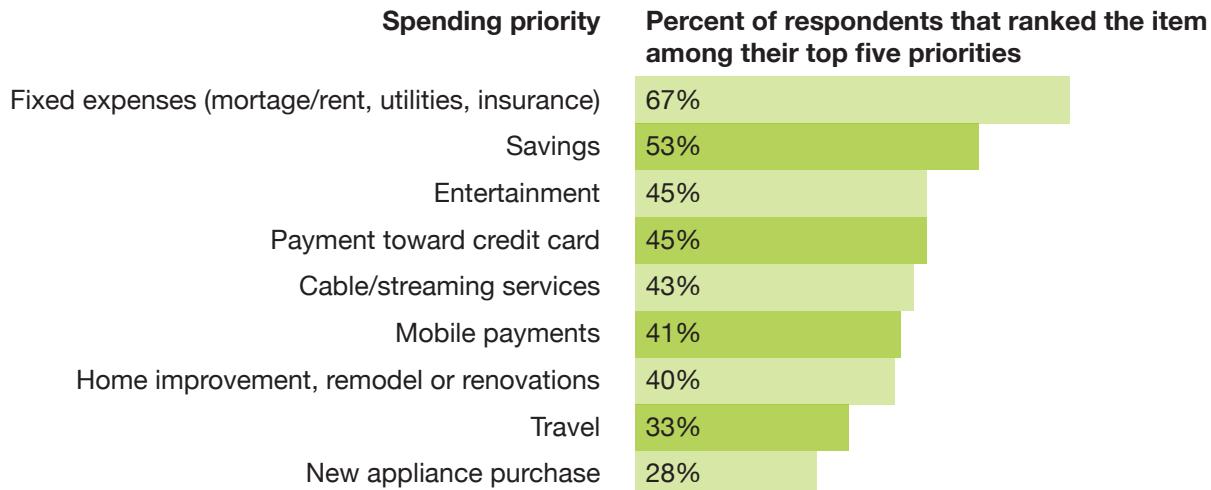
## WHAT IS INFLUENCING CONSUMER SPENDING PRIORITIES

The Q4 2020 Equifax Credit Trends report shows that consumers are returning to pre-pandemic spending behavior, noting that younger consumers are taking on more debt.<sup>18</sup> As of Q2 2021, overall spending increased by 18% in Canada<sup>19</sup> and 9.6% in the United States compared to January 2020.<sup>20</sup>

In their 2020 EOY credit report, Equifax analysts forecasted an uneven recovery as some segments improved credit health while others struggle as payment accommodations become unavailable.<sup>18</sup> Symend's survey shows that spending priorities vary significantly based on income and savings balance, which reinforces the projections of uneven recovery.

### TOP 10 SPENDING PRIORITIES<sup>1</sup>

When asked to look ahead to the next six months<sup>1</sup>, respondents selected the following top 10 spending priorities:



## TOP SPENDING PRIORITIES BASED ON INCOME

With the pandemic lasting over 16 months, many consumers have experienced income fluctuations. Of those who indicated that they experienced a complete and partial loss in income, 34% of respondents to Symend's survey said that they are working at a lower pay.<sup>1</sup>

While fixed expenses, such as mortgage, rent and utilities, remain a top priority, there are signs of post-pandemic spending behavior in the priorities indicated by Symend's survey respondents:

- **Low-to-middle income respondents** are prioritizing bill payments, while also prioritizing savings despite the fact that 17% of respondents with an annual income of less than \$99,999 are behind on bills.
- **High-income respondents** are prioritizing spending on higher ticket items, such as travel and entertainment, with a significant focus on home improvements.

### SPENDING PRIORITIES FOR THE NEXT SIX MONTHS BY INCOME:

#### Spending priority of respondents with income less than \$24,999

-  Mobile phone payments
-  Cable/streaming services
-  Savings

#### Spending priority of respondents with income \$25K-\$49,999

-  Savings
-  Payment towards credit card balance
-  Mobile phone payments

#### Spending priority of respondents with income \$50K-\$99,999

-  Savings
-  Payment towards credit card balance
-  Cable/streaming services

#### Spending priority of respondents with income \$100K-149,999

-  Home improvements
-  Entertainment
-  Payment towards credit card balance

#### Spending priority respondents with income \$150-\$199,999

-  Travel
-  Savings
-  Home improvements

#### Spending priority of respondents with income more than \$200K

-  Home improvements
-  Entertainment
-  Savings

Having spent the majority of the past 16 months at home, the top spending priorities identified also indicate that this is where high income respondents are prioritizing their spending.

Spending priorities are typically very short-sighted as a result of the recency effect<sup>21</sup>. This means that whether something is top of mind is indicative of its importance to the consumer. Many consumers recently spent a lot of time in their home and, therefore, likely spent a lot of time considering how to improve it. Higher income individuals were more likely to indicate that two-thirds of their top priorities are related to the home, which indicates its importance to the respondents in that group.

 The last few items in a list receive a memory advantage (a recency effect), because these items may still be available in short-term memory. (Murphy et al., 2006)



## TOP PRIORITIES BY SAVINGS BALANCE

Symend's survey demonstrates that savings balance is an early indicator of an uneven recovery, with 32% of respondents indicating they have more savings than at the start of the pandemic, and 29% indicating they have less.<sup>1</sup>

### SPENDING PRIORITIES FOR THE NEXT SIX MONTHS BY SAVINGS BALANCE:<sup>1</sup>

Spending priorities for respondents whose savings balance is <b>less now than at the start of the pandemic</b>	Spending priorities for respondents whose savings balance is <b>about the same as it was at the start of the pandemic</b>	Spending priorities for respondents whose savings balance is <b>more now than it was at the start of the pandemic</b>
 Payment toward credit card balance	 Savings	 Savings
 Savings	 Entertainment	 Cable/streaming services
 Mobile phone payments	 Cable/streaming services	 Travel

The amount of savings reported by respondents appears to significantly influence their selection of spending priorities:

- Continuing to save is a top priority for respondents with a savings balance, regardless of whether it is more or less than it was before the pandemic.
- Respondents that indicated they have **less savings** than before the pandemic indicated bill payments as their primary focus. This demonstrates that at-risk consumers have the right priorities to manage their bills, and will seek support that treats them as strong financial decision makers, as opposed to legacy debt collection techniques.
- Respondents that indicated their savings balance is **about the same** are evenly balancing their priorities across savings, bill payments and possibly some form of 'revenge spending' on entertainment as restrictions loosen, given that it is ranked higher than bill payments.
- Respondents that indicated they have **more savings** than before the pandemic are prioritizing spending on higher ticket items including travel and entertainment, while continuing to save. This is very likely a sign of what some refer to as 'revenge spending', as this group chose to abstain from spending during the pandemic and are now looking to make major purchases.

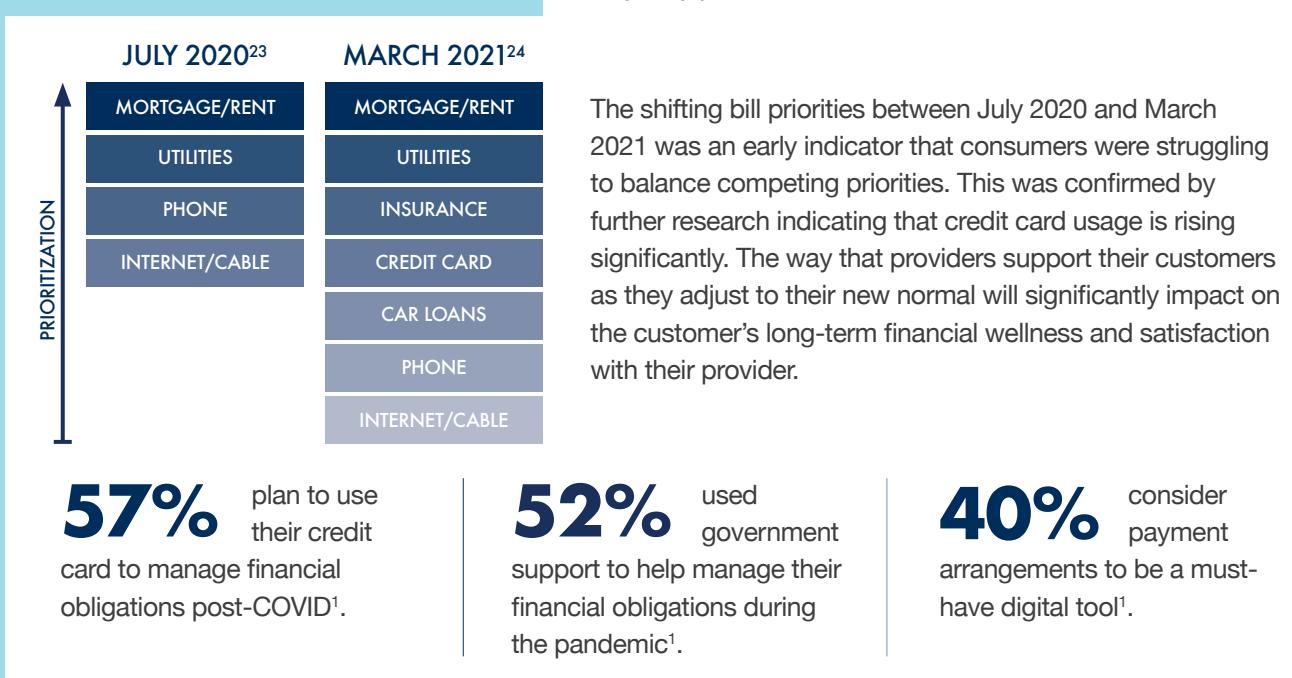


# BILL PRIORITIZATION



## CONSUMERS ARE PRIORITIZING BILLS TO MAKE ENDS MEET

The Congressional Research Service indicates that while overdue payments declined in most consumer debt markets well into 2021, this has been due to forbearance, social policy responses and fiscal relief in the form of direct income that made it easier for consumers to make bigger payments.<sup>22</sup> In the absence of government support and payment extensions post-COVID, many consumers will need to re-evaluate the way they prioritize bills.

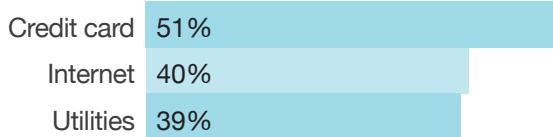


## THE RISE OF CREDIT CARDS

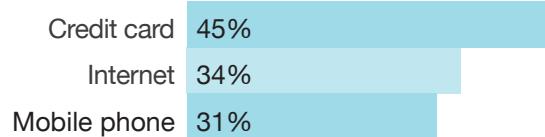
Symend's survey shows that 52% of respondents used government support to help manage their financial obligations, and 39% used payment arrangements or extensions.<sup>1</sup> In the absence of payment accommodations, it is expected that consumers will use a variety of payment strategies to make ends meet. With 57% of Symend's survey respondents indicating that they plan to use their credit card to manage their financial obligations, it is expected that balances will spike as payment assistance is reduced.<sup>1</sup> Symend expects that a significant driver behind increased credit card usage is the need to delay cancellations and suspensions of other bills, such as utilities and telecommunications.



### Top 3 bills consumers are currently behind on:



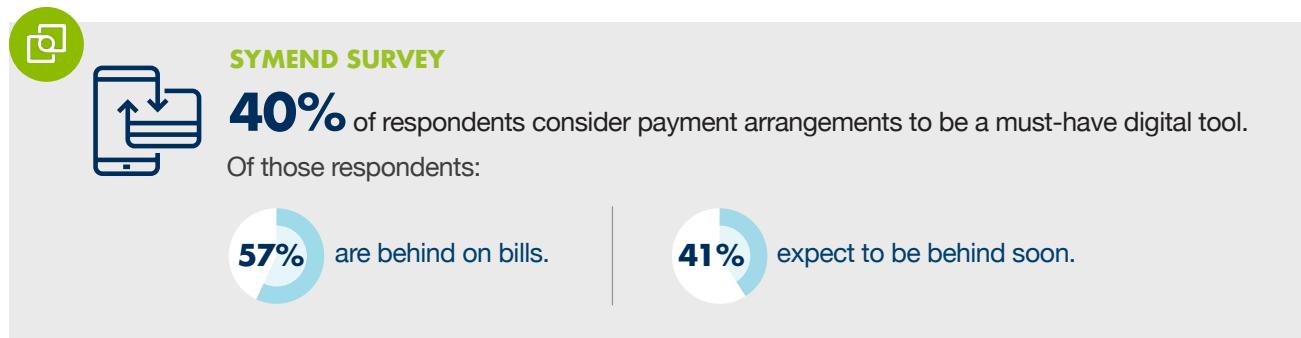
### Top 3 bills consumers expect to fall behind on soon:



Symend's survey indicated that 51% of respondents who are behind on bills are behind on credit card bills, and 45% of those who expect to fall behind on bills soon expect to fall behind on their credit card.<sup>1</sup> This aligns with McKinsey's forecast of credit card losses in the United States between 2020 and 2022, predicting that past due accounts could so much as triple.<sup>25</sup> Providers need to review their current collection strategies and identify ways to better support these consumers proactively, before balances become unmanageable.

## FLEXIBLE PAYMENT SOLUTIONS AS A BRIDGE TO A NEW NORMAL

While credit cards may be seen perceived by consumers as the best solution for deferring payments, providers can better support their customers by offering flexible payment options as a bridge to their new normal. In fact, consumers expect their providers to offer payment arrangements, payment extensions and debt forgiveness programs, with 40% of Symend's survey respondents indicating payment arrangements as a must-have digital tool.<sup>1</sup>



## THE BENEFITS OF RAISING AWARENESS OF PAYMENT AND INCOME SUPPORT PROGRAMS

One in two respondents indicated that they used government support to manage finances during the pandemic. Although this is the case, there are many assistance programs that are highly underutilized by consumers. In May 2021, the Federal Communications Commission (FCC) launched the Emergency Broadband Benefit (EBB) program, providing consumers with a monthly bill credit and a one-time device credit. As of July 2021, the program has enrolled one in twelve eligible households, demonstrating that many consumers are unaware or unwilling to sign up.<sup>26</sup>



Using behavioral science to generate awareness and empower consumers to enroll in assistance programs is highly affective. Providers need to focus on raising awareness and reducing friction to encourage eligible consumers to enroll in assistance programs. One example of this is using cognitive dissonance<sup>27</sup> to help consumers shift their perception of themselves from feeling like they have to ask for help, to feeling savvy for discovering a resource or tool that will help them and their family.

-Trudi Chalmers, PhD, Director of Behavioral Science at Symend

 When people's behavior does not align with their beliefs or self-image, they experience an uncomfortable tension. (Festinger, 1957)

J.D. Power states that open and frequent communication about policies and assistance programs has proven to be key in maintaining high customer satisfaction for utilities, especially during the pandemic.<sup>28</sup> This statement was confirmed by J.D. Power's study, which revealed that customer satisfaction was 7.6% higher for those who were aware of assistance programs during the pandemic, compared to those who were not.<sup>28</sup>

## PROVIDING CONSUMERS WITH THE INFORMATION AND FLEXIBILITY THEY NEED

Providers can take proactive measures to reduce the impact of these spending trends by offering flexible payment solutions and increasing awareness of additional support programs. If consumers are aware of their options and feel equipped with insights or tips on how to stay caught up, they are more likely to feel supported, and that their provider has their best interests in mind. By providing clear and timely information about alternative solutions, providers can strengthen relationships with their customers while reducing long-term negative impacts.

Information can also be positioned to motivate consumers towards a more positive action. This is called hyperbolic discounting<sup>29</sup>. An example would be emphasizing the immediate reward that comes with taking positive action, like making a payment, and how it will positively impact their future.

 The tendency for people to have a stronger preference for more immediate payoffs relative to later payoffs. Hyperbolic discounting leads to choices that are inconsistent over time – people make choices today that their future selves would prefer not to have made, despite using the same reasoning. (Laibson, 1997)

## REFERENCES

1. Symend, (2021), Lab Study: July 2021 Post-COVID Survey
2. Symend, (2020), Lab Study: April 2020 COVID-19 Customer Baseline
3. [Salesforce, \(2020\), State of the Connected Consumer \(4th Edition\)](#)
4. Congressional Budget Office, (2021), July 2021 Update to the Budget and Economic Outlook: 2021 to 2031
5. [Symend, \(2020\), Case Study: TELUS](#)
6. [McKinsey, \(2020\), How COVID-19 has pushed companies over the technology tipping point and transformed business forever](#)
7. [McKinsey, \(2021\), April 2020 COVID-19 US Digital Sentiment Survey](#)
8. Kahneman, D. (2011). Thinking, Fast and Slow. Farrar, Straus and Giroux, LLC.
9. [McKinsey, \(2018\), The revival of customer loyalty: How regulated utilities can reshape customer engagement](#)
10. [Organizational Behavior and Human Decision Processes, \(2021\), Financial shame spirals: How shame intensifies financial hardship](#)
11. [Moore, J. W. \(2016, August 29\). What is the sense of agency and Why does it matter? Frontiers in psychology.](#)
12. [Karlsson, N., Loewenstein, G., & Seppi, D. \(2009, February 11\). The ostrich effect: Selective attention to information. www.cmu.edu.](#)
13. [Guyer J.J., Vaughan-Johnston T.I. \(2018\) Social Comparisons \(Upward and Downward\). In: Zeigler-Hill V., Shackelford T. \(eds\) Encyclopedia of Personality and Individual Differences. Springer, Cham.](#)
14. [Inonu University Journal of the Faculty of Education, \(2020\), The Digital Burnout Scale Development Study](#)
15. [Salesforce, \(2020\), 5 Ways to Beat Digital Fatigue](#)
16. Rankin, C. H., Abrams, T., Barry, R. J., Bhatnagar, S., Clayton, D. F., Colombo, J., Coppola, G., Geyer, M. A., Glanzman, D. L., Marsland, S., McSweeney, F. K., Wilson, D. A., Wu, C. F., & Thompson, R. F. (2009). Habituation revisited: an updated and revised description of the behavioral characteristics of habituation. *Neurobiology of learning and memory*, 92(2), 135–138.
17. Symend, (2020), March 2020 COVID-19 Messaging Survey
18. [Equifax, \(2020\), Credit Trends Q4 2020 Webinar: Gearing up for the "New Normal"](#)
19. [Royal Bank of Canada, \(2021\), Containment measures halt spending growth in April](#)
20. [Affinity, \(2021\), Opportunity Insights Economic Tracker](#)
21. [Jamie Murphy, Charles Hofacker, Richard Mizerski. Primacy and Recency Effects on Clicking Behavior, Journal of Computer-Mediated Communication, Volume 11, Issue 2, 1 January 2006, Pages 522–535](#)
22. [Congressional Research Service, \(2021\) COVID-19: Household Debt During the Pandemic](#)
23. Symend (2020), July 2020 COVID-19 Follow-up: Initial Insights Survey
24. Symend, (2021), March 2021 Stimulus Messaging Survey
25. [McKinsey, \(2021\), Reimagining customer service to manage delinquencies after COVID-19](#)
26. [Universal Service Administrative Co, \(2021\), Emergency Broadband Benefit Program Enrollments and Claims Tracker](#)
27. Festinger, L. (1957). A theory of cognitive dissonance (Vol. 2). Stanford University Press.
28. [J.D. Power, \(2018\), Electric Utility Residential Customer Satisfaction Study](#)
29. Hyperbolic discounting: Laibson D (1997). "Golden Eggs and Hyperbolic Discounting". *Quarterly Journal of Economics*. 112(2): 443–477.

## SYMEND'S SURVEY REFERENCES

Reference	Survey name	Objective	Completion dates	Geographics	Total number of respondents	Qualifiers
1	Symend Post-COVID Survey	Understand the long-term, underlying behavioral changes that we expect to see in the post-COVID future, and how consumer attitudes and perceptions shape these changing behaviors.	June 28-July 8, 2021	United States and Canada	2,000	<ul style="list-style-type: none"> <li>• Over the age of 18 and residing in the United States or Canada</li> <li>• Primary or shared responsibility for credit card payments, mobile phone payments and cable</li> <li>• Soft quotas were used to ensure representation based on delinquency status</li> </ul>
2	Symend COVID-19 Customer Baseline	To gain an understanding of the current financial situation of Canadians and Americans.	April 22-23, 2020	United States and Canada	432	Over the age of 18 and residing in the United States or Canada
17	COVID-19 Messaging	To gather qualitative feedback on potential COVID messaging.	March 20-22, 2020	United States and Canada	401	Over the age of 18 and residing in the United States or Canada
23	COVID-19 Follow-up: Initial Insights	To gain an understanding of the impact of COVID-19 on finance (income/employment).	July 25-28, 2020	United States and Canada	538	Over the age of 18 and residing in the United States or Canada
24	Stimulus Messaging	To gain an understanding of the current sentiments around government assistance.	March 10-21, 2021	United States	496	Over the age of 18 and residing in the United States or Canada



Preparing for the post-COVID future isn't just possible, it's crucial. The financial wellness of your customers, and their relationship with you, depends on it.

Symend's digital customer engagement solutions help you continuously adapt to changing behaviors, so you can better serve your customers now and into the post-COVID future.

#### CONNECT WITH US



**Jenn Ryan**  
Telecommunications  
[jenn.ryan@symend.com](mailto:jenn.ryan@symend.com)



**David Nathanson**  
Financial Services  
[david.nathanson@symend.com](mailto:david.nathanson@symend.com)



**Diana Braun**  
Utilities  
[diana.braun@symend.com](mailto:diana.braun@symend.com)

#### ABOUT SYMEND

Symend is a leading SaaS company that turns difficult conversations and everyday moments into positive experiences across the entire customer journey. Symend's Behavioral Engagement Platform™ delivers digital experiences that are hyper-personalized based on the science behind consumer behavior. Our solution achieves better results and builds stronger relationships with nearly half the outreaches. By adapting as customers change, Symend helps top enterprises create and keep customers for life. Founded in 2016, Symend is headquartered in Calgary and privately held, with global operations across Canada, the United States and Latin America. For more information, please visit <https://symend.com/>.

#### CONTACT

[info@symend.com](mailto:info@symend.com)  
1.855.579.6363

 @SymendInc  
 symend  
 symendinc