The Effortless Experience

Conquering the New Battleground for Customer Loyalty

Matt Dixon
Chief Product & Research Officer
Have You Seen This Giraffe?
The Moment of “Wow”
Three Questions That Guided Our Research
What impact do customer service interactions have on a customer’s future loyalty?
Three Questions That Guided Our Research

- What impact do customer service interactions have on a customer’s future loyalty?
- What are the things customer service can do to drive loyalty?
How can service improve loyalty while still reducing operating costs?

What are the things customer service can do to drive loyalty?

What impact do customer service interactions have on a customer’s future loyalty?
What Is Loyalty?

- Repurchase
- Share of Wallet
- Word of Mouth
Our Study in Brief
Our Study in Brief

125,000+ customers
Our Study in Brief

125,000+ customers

5,000+ customer service reps
Our Study in Brief

125,000+ customers

5,000+ customer service reps

100+ companies
Our Study in Brief

125,000+ customers

5,000+ customer service reps

100+ companies

3 Major Findings
Finding 1: Delight Doesn’t Pay
Finding 1: Delight Doesn’t Pay

The Perception

More Loyal

Less Loyal

Below Customer Expectations

Meets Customer Expectations

Exceeds Customer Expectations

Customer Expectations
Finding 1: Delight Doesn’t Pay

The Perception

The Reality
Finding 1: Delight Doesn’t Pay


“Delight” only happens 16% of the time
“Delight” increases operating costs 10-20%
Finding 2: Service Drives Disloyalty
Finding 2: Service Drives Disloyalty

Customer Service Impact on Loyalty

<table>
<thead>
<tr>
<th>More Loyal</th>
<th>1.00x</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Disloyal</td>
<td>3.97x</td>
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</table>
Finding 3: Mitigate Disloyalty by Reducing Effort

Customer Service Impact on Loyalty

Drivers of Disloyalty
- Repeat contacts
- Channel switching
- Transfers
- Repeating information
- Robotic service
- Policies and processes customers have to endure
- “Hassle factor”

Customer Effort

More Loyal

1.00x

More Disloyal

3.97x

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#CustomerEffort
The Business Case for the Effortless Experience
The Business Case for the Effortless Experience

Repurchase

94%

4%
The Business Case for the Effortless Experience

Repurchase
- 94% Low-Effort Experience
- 4% High-Effort Experience

Increased Spend/Share of Wallet
- 88% Low-Effort Experience
- 4% High-Effort Experience
The Business Case for the Effortless Experience

- Repurchase
  - Low-Effort Experience: 94%
  - High-Effort Experience: 4%

- Increased Spend/Share of Wallet
  - Low-Effort Experience: 88%
  - High-Effort Experience: 4%

- Negative WOM
  - Low-Effort Experience: 1%
  - High-Effort Experience: 81%
The Business Case for the Effortless Experience

- **Repurchase**
  - Low-Effort Experience: 94%
  - High-Effort Experience: 4%

- **Increased Spend/Share of Wallet**
  - Low-Effort Experience: 88%
  - High-Effort Experience: 4%

- **Negative WOM**
  - Low-Effort Experience: 1%
  - High-Effort Experience: 81%

- **Overall Disloyalty**
  - Low-Effort Experience: 9%
  - High-Effort Experience: 96%
The Business Case for the Effortless Experience

Cost to Serve by Customer Effort Level

- $30.00 (High)
- $15.00
- $0.00
- $10.11
- $16.21
- Total Cost to Resolve Service Request

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Going from a relatively high-effort service experience to a low-effort one reduces costs by 37%.
The Four Pillars of Low-Effort Service

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
4. Frontline Control
The Four Pillars of Low-Effort Service

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
4. Frontline Control
Which Would You Rather Use?
Which Would You Rather Use?
Your Customers Don’t Want to Talk to You
Your Customers Don’t Want to Talk to You

Company Perception

- Web Preference: 1.0x
- Phone Preference: 2.5x
Your Customers Don’t Want to Talk to You

Company Perception

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Actual Customer Preference

Pattern largely holds across issue types and demographics

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But They’re Still Calling

First Contact Channel

57.7% of Phone Callers First Went to the Company’s Website
But They’re Still Calling

First Contact Channel

- 57.7% of Phone Callers First Went to the Company’s Website

Concurrent Channel Usage

- 35.5% of Phone Callers Were on the Company’s Website While Talking to a Representative
Customer Choice Is Not the Answer
Customer Choice Is Not the Answer

16% Value CHOICE Over Ease

- Want issue resolved in their preferred channel
- Prioritize channel choice above all else
Customer Choice Is Not the Answer

16% Value CHOICE Over Ease

- Want issue resolved in their preferred channel
- Prioritize channel choice above all else

84% Value EASE Over Choice

- Want fast resolution without bouncing around channels
- Prioritize low effort over channel choice

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Choice Overwhelms
“I didn’t have time to write you a short letter...so, I wrote you a long one instead.”

Mark Twain
The Gunning Fog Index
What Tim Geithner Said

“The US government should create one agency with responsibility for systemic stability over the major institutions and critical payments and settlement systems and activities.”
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“The US government should create one agency with responsibility for systemic stability over the major institutions and critical payments and settlement systems and activities.”

FOG Index Score: 24.60
Keeping It Simple

What Tim Geithner Said

“The US government should create one agency with responsibility for systemic stability over the major institutions and critical payments and settlement systems and activities.”

What He Should Have Said

“Set up an agency that makes sure banks remain stable and follow the law.”

FOG Index Score: 24.60
Keeping It Simple

What Tim Geithner Said

“The US government should create one agency with responsibility for systemic stability over the major institutions and critical payments and settlement systems and activities.”

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What He Should Have Said

“Set up an agency that makes sure banks remain stable and follow the law.”

FOG Index Score: 8.46

http://gunning-fog-index.com/index.html
The Four Pillars of Low-Effort Service

- Channel Stickiness
- Next Issue Avoidance
- Experience Engineering
- Frontline Control

#CustomerEffort
The Worst Question a Rep Can Ask
The Worst Question a Rep Can Ask

“Have I fully resolved your issue today?”
The Worst Question a Rep Can Ask

“Have I fully resolved your issue today?”

Companies think **76.7%** of customer issues are resolved in one contact.
Companies think 76.7% of customer issues are resolved in one contact.

But customers claim only 40% of their issues are resolved in one contact.

"Have I fully resolved your issue today?"
Why Do Customers Call Back?
Why Do Customers Call Back?

Drivers of Callbacks

Explicit Issue Failures

Failing to resolve the issue the customer contacted us about
Why Do Customers Call Back?

Drivers of Callbacks

Explicit Issue Failures
Failing to resolve the issue the customer contacted us about

Implicit Issue Failures
Failing to resolve issues related to what the customer contacted us about
Why Do Customers Call Back?

Drivers of Callbacks

Explicit Issue Failures
Failing to resolve the issue the customer contacted us about
54%

Implicit Issue Failures
Failing to resolve issues related to what the customer contacted us about
46%
One Step Ahead
The Four Pillars of Low-Effort Service

Channel Stickiness  
Next Issue Avoidance  
Experience Engineering  
Frontline Control
Customers Perceive Effort Differently Than We Thought
Customers Perceive Effort Differently Than We Thought

What customers have to do to resolve their issues
Customers Perceive Effort Differently Than We Thought

- What customers have to **DO** to resolve their issues
- How customers **FEEL** when resolving their issues
Words Matter (A Lot!)
Words Matter (A Lot!)

Advocacy

Taking a position of active support on behalf of the customer
Words Matter (A Lot!)

Advocacy

Taking a position of active support on behalf of the customer

Customer effort decreases 77%

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Advocacy
Taking a position of active support on behalf of the customer

Customer effort decreases 77%

Positive Language
Using terms that prevent negative reactions
Words Matter (A Lot!)

Advocacy

Taking a position of active support on behalf of the customer

Customer effort decreases 77%

Positive Language

Using terms that prevent negative reactions

Customer effort decreases 73%
Words Matter (A Lot!)

**Advocacy**
Taking a position of active support on behalf of the customer

Customer effort decreases **77%**

**Positive Language**
Using terms that prevent negative reactions

Customer effort decreases **73%**

**Anchororing**
Strategically sequencing an option within a range of choices
Words Matter (A Lot!)

**Advocacy**
Taking a position of active support on behalf of the customer
Customer effort decreases **77%**

**Positive Language**
Using terms that prevent negative reactions
Customer effort decreases **73%**

**Anchoring**
Strategically sequencing an option within a range of choices
Customer effort decreases **55%**
How Does This Make You Feel?
The Four Pillars of Low-Effort Service

- Channel Stickiness
- Next Issue Avoidance
- Experience Engineering
- Frontline Control
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<th>Currently in Seat</th>
<th>Preferred to Hire</th>
<th>Best for Low-Effort Service</th>
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#CustomerEffort
Currently in Seat

Empathizer • 32%

Hard Worker • 20%
Controller • 15%
Rock • 12%
Accommodator • 11%
Innovator • 9%
Competitor • 1%

Preferred to Hire

Best for Low-Effort Service
Currently in Seat

- **Empathizer**: 32%
  - Hard Worker: 20%
  - Controller: 15%
  - Rock: 12%
  - Accommodator: 11%
  - Innovator: 9%
  - Competitor: 1%

Preferred to Hire

- **Empathizer**: 42%
  - Innovator: 18%
  - Rock: 15%
  - Hard Worker: 11%
  - Accommodator: 6%
  - Competitor: 6%
  - Controller: 2%

Best for Low-Effort Service

- **Empathizer**: 42%
  - Innovator: 18%
  - Rock: 15%
  - Hard Worker: 11%
  - Accommodator: 6%
  - Competitor: 6%
  - Controller: 2%
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#CustomerEffort
A Blueprint for Your New Contact Center

“Kick-Ass Customer Service”
Jan-Feb 2017 issue

“Rethinking Customer Service”
Nov-Dec 2018 issue

#CustomerEffort
The Four Pillars of Low-Effort Service

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
4. Frontline Control
The Customer Effort Score 2.0

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neither Agree Nor Disagree</th>
<th>Somewhat Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company made it easy for me to handle my issue</td>
<td></td>
<td></td>
<td></td>
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A great way for service functions to detect potential disloyalty…

…and a way for service functions to positively impact Net Promoter Score®

**Overall Disloyalty**

- **Low Effort**: 9%
- **High Effort**: 96%

**Percent of Detractors**

- **Low Effort**: 4%
- **High Effort**: 67%
To learn more about Tethr, visit tethr.com or contact Matt at matt.dixon@tethr.com

To learn more about reducing customer effort, visit www.challengerinc.com or contact Lauren Pragoff at lauren.pragoff@challengerinc.com

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#CustomerEffort