The Effortless Experience

Conquering the New Battleground for Customer Loyalty

Matt Dixon
Group Leader, CEB
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?
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?
MATTHEW DIXON,
BESTSELLING COAUTHOR OF THE CHALLENGER SALE
NICK TOMAN AND RICK DELISI
of CEB

"A business detective story, in which
cherished truths are systematically
investigated—and frequently debunked."
—From the Foreward by
Don Meath, coauthor
of Decisive, Switch, and
Made to Stick

THE EFFORTLESS EXPERIENCE
CONQUERING THE NEW BATTLEGROUND FOR CUSTOMER LOYALTY

#CustomerEffort
What Is Loyalty?

- Repurchase
- Share of Wallet
- Word of Mouth
The truest test of loyalty is when something goes wrong.
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

More Loyal

Less Loyal

Below Customer Expectations
Meets Customer Expectations
Exceeds Customer Expectations

The Perception
Finding 1: Delight Doesn’t Pay

The Perception

The Reality

Below Customer Expectations
Meets Customer Expectations
Exceeds Customer Expectations

More Loyal
Less Loyal
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

More Loyal

More Disloyal

1.00x

3.97x
Finding 2: Service Drives Disloyalty

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”
Finding 3: Mitigate Disloyalty by Reducing Effort

Customer Service Impact on Loyalty

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

More Loyal

1.00x

More Disloyal

3.97x

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The Business Case for the Effortless Experience
The Business Case for the Effortless Experience

Repurchase

- Low-Effort Experience: 94%
- High-Effort Experience: 4%
The Business Case for the Effortless Experience

<table>
<thead>
<tr>
<th></th>
<th>Low-Effort Experience</th>
<th>High-Effort Experience</th>
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</thead>
<tbody>
<tr>
<td>Repurchase</td>
<td>94%</td>
<td>4%</td>
</tr>
<tr>
<td>Increased Spend/Share of Wallet</td>
<td>88%</td>
<td>4%</td>
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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: 81%
  - High-Effort Experience: 1%
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

- Low: $0.00
- Medium: $10.11
- High: $16.21

Total Cost to Resolve Service Request
Going from a relatively high-effort service experience to a low-effort one reduces costs by 37%. 

Total Cost to Resolve Service Request

Cost to Serve by Customer Effort Level
The Three Pillars of Low-Effort Service

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
The Three Pillars of Low-Effort Service

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
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  Phone Preference

1.0x  2.5x
Your Customers Don’t Want to Talk to You

Company Perception

- Web Preference: 1.0x
- Phone Preference: 2.5x

Actual Customer Preference

- Web Preference: 1.0x
- Phone Preference: 1.0x

*Pattern largely holds across issue types and demographics*
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

- **Web**
- **Phone**

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

Concurrent Channel Usage

- **Web and Phone**
- **Phone Only**

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
“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
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.”
Keeping It Simple

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FOG Index Score: 24.60
Keeping It Simple

What Tim Geithner Said

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What He Should Have Said

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

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What Tim Geithner Said

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What He Should Have Said

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FOG Index Score: 24.60

FOG Index Score: 8.46

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

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
The Worst Question a Rep Can Ask
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.

"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

But customers claim only 40% of their issues are resolved in one contact
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 Three Pillars of Low-Effort Service

Channel Stickiness

Next Issue Avoidance

Experience Engineering
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%**
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
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%

**Anchoring**
Strategically sequencing an option within a range of choices

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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 Three Pillars of Low-Effort Service

1. Channel Stickiness
2. Next Issue Avoidance
3. Experience Engineering
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>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

A great way for service functions to detect potential disloyalty...

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

Overall Disloyalty

<table>
<thead>
<tr>
<th>Effort</th>
<th>Disloyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Effort</td>
<td>9%</td>
</tr>
<tr>
<td>High Effort</td>
<td>96%</td>
</tr>
</tbody>
</table>

Percent of Detractors

<table>
<thead>
<tr>
<th>Effort</th>
<th>Percent of Detractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Effort</td>
<td>4%</td>
</tr>
<tr>
<td>High Effort</td>
<td>67%</td>
</tr>
</tbody>
</table>