The Effortless Experience

Conquering the New Battleground
for Customer Loyalty

Matt Dixon
Group Leader, CEB

#customereffort

HAVE YOU SEEN THIS GIRAFFE?

THE MOMENT OF "WOW"

THREE QUESTIONS THAT GUIDED OUR RESEARCH

THREE QUESTIONS THAT GUIDED OUR RESEARCH

1

What impact DO customer service interactions have on a customer's future loyalty?

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THREE QUESTIONS THAT GUIDED OUR RESEARCH

1

What impact DO customer service interactions have on a customer's future loyalty?

2

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

THREE QUESTIONS THAT GUIDED OUR RESEARCH
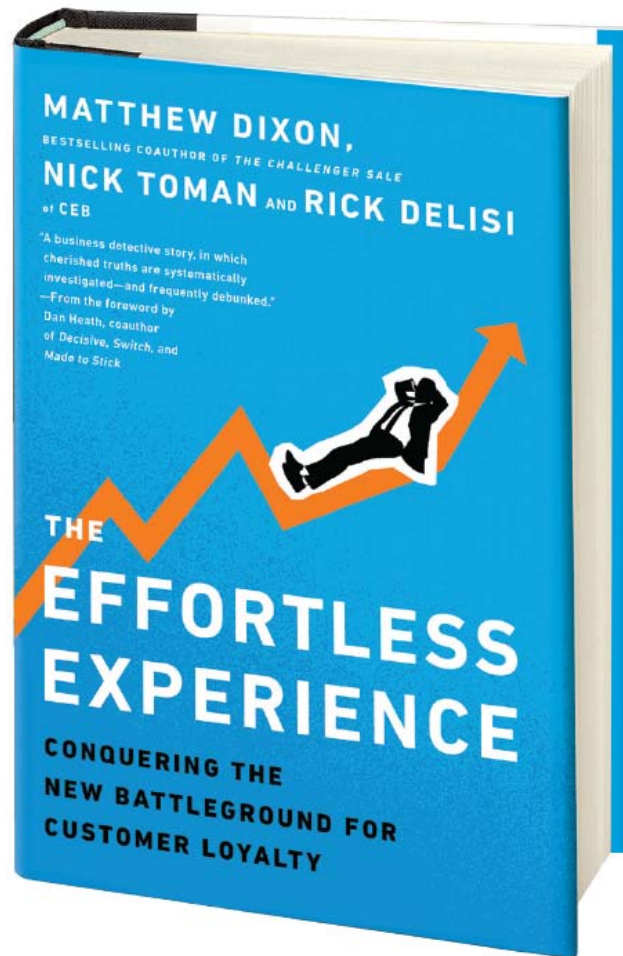
1

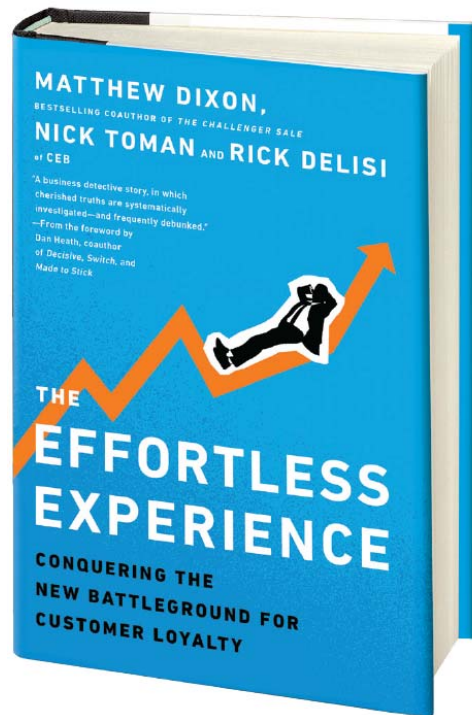What impact DO customer service interactions have on a customer's future loyalty?

2

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

3

How can service improve loyalty while still REDUCING operating costs?

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WHAT *IS* LOYALTY?

- **Repurchase**

- **Share of Wallet**

- **Word of Mouth**

WHAT *IS* LOYALTY?

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 foreword by
Dan Heath, coauthor
of Decisive, Switch, and
Made to Stick

The TRUEST TEST of loyalty is when something goes **WRONG**.

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OUR STUDY IN BRIEF

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- **125,000+ customers**

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- **5,000+ customer service reps**

OUR STUDY IN BRIEF

- **125,000+ customers**
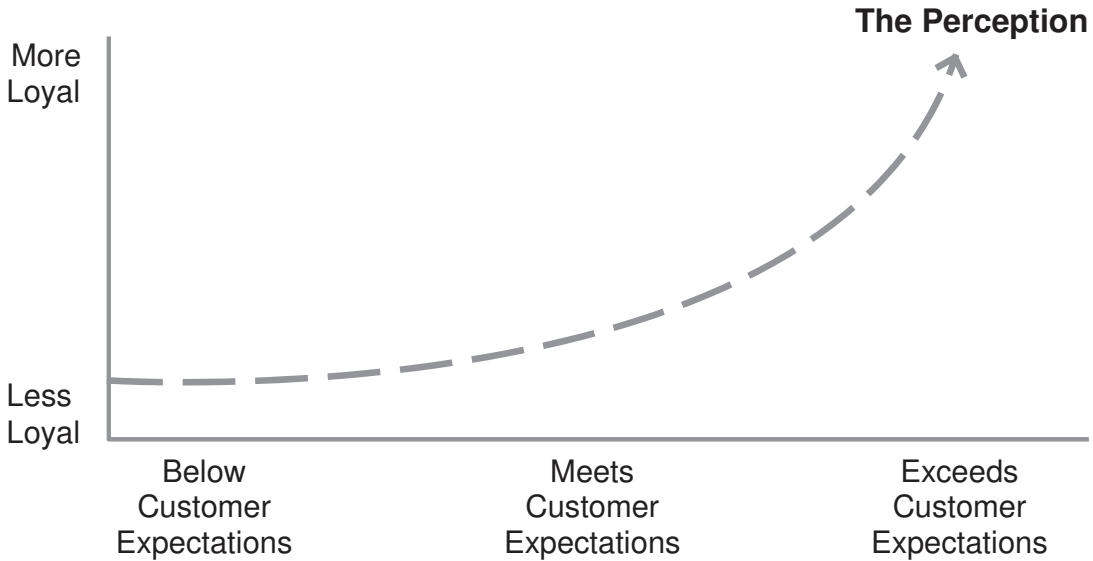
- **5,000+ customer service reps**

- **100+ companies**

OUR STUDY IN BRIEF

- **125,000+ customers**

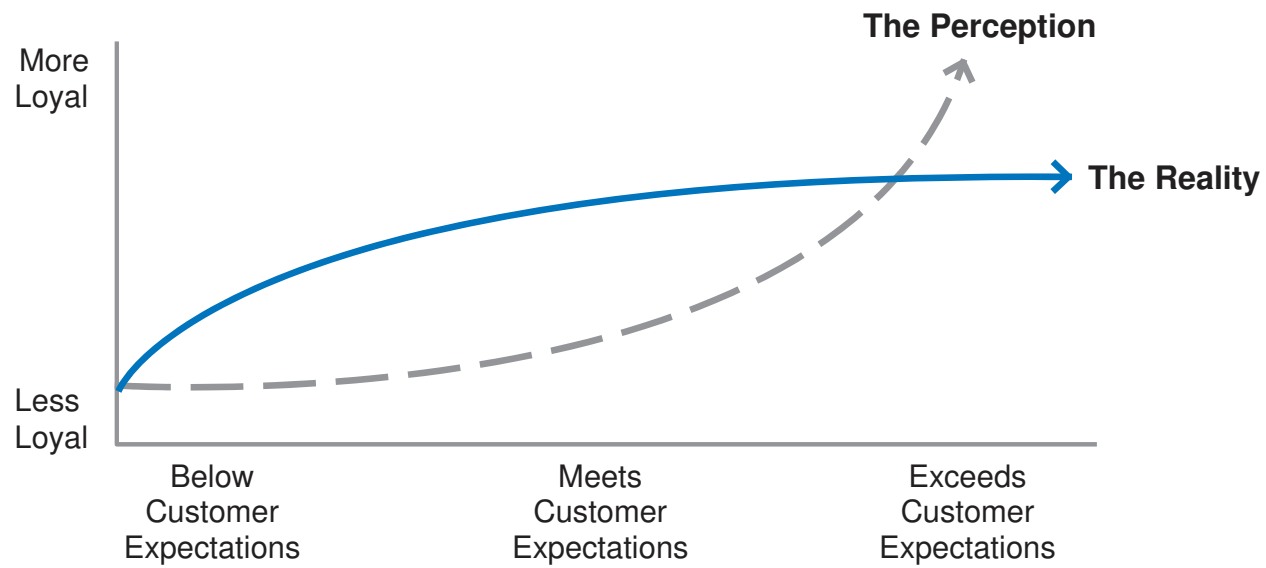- **5,000+ customer service reps**

- **100+ companies**

3 major findings
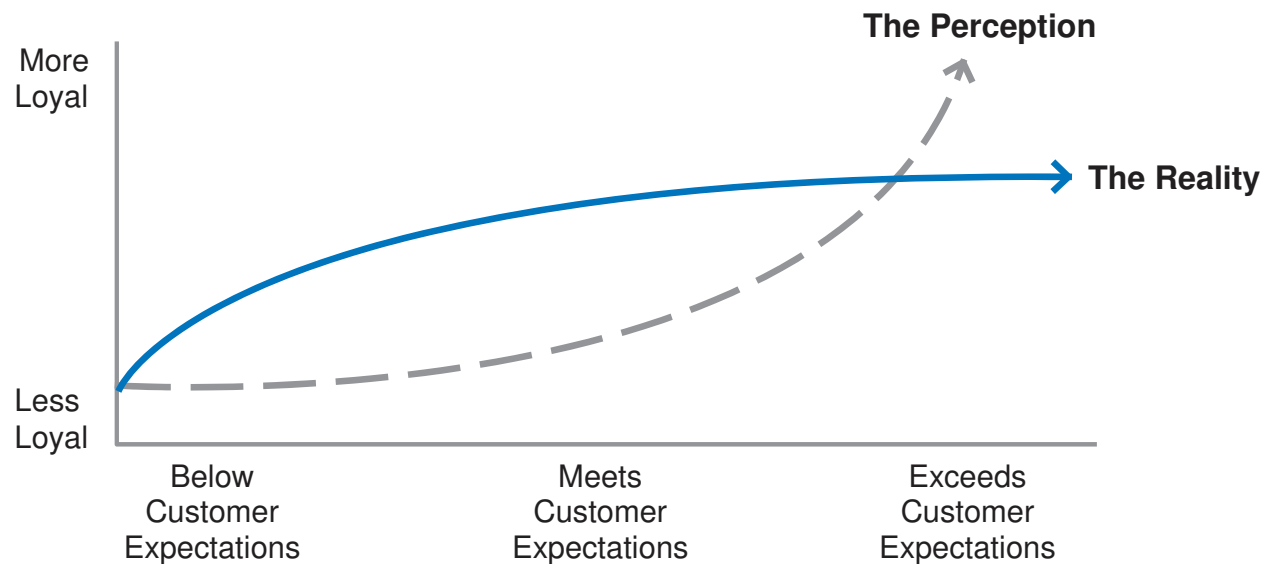
FINDING 1: DELIGHT DOESN'T PAY
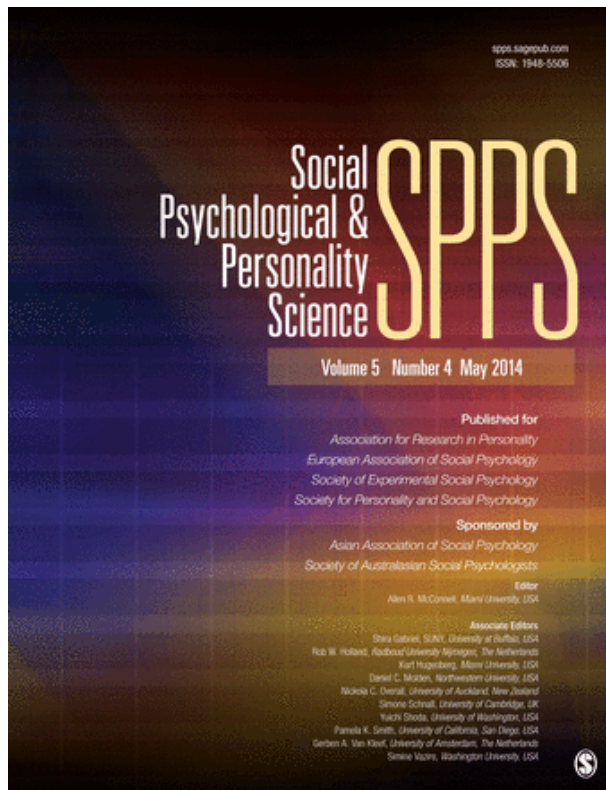
FINDING 1: DELIGHT DOESN'T PAY

The Perception

More Loyal

Less Loyal

Below Customer Expectations

Meets Customer Expectations

Exceeds Customer Expectations

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FINDING 1: DELIGHT DOESN'T PAY

The Perception

The Reality

More Loyal

Less Loyal

Below Customer Expectations

Meets Customer Expectations

Exceeds Customer Expectations

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FINDING 1: DELIGHT DOESN'T PAY

- **"Delight" only happens 16% of the time**
- **"Delight" increases operating costs 10-20%**

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PROMISES, PROMISES

Social
Psychological &
Personality SPPS
Science

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" When [companies, friends, or coworkers]
expend extra effort in order to exceed
promises, their effort appears likely to be
overlooked."

Gneezy & Epley

Source: Gneezy, A. and Epley N. (2014). Worth Keeping but Not Exceeding: Asymmetric Consequences of
Breaking Versus Exceeding Promises. Social Psychological and Personality Science. May 8. 1-9.

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FINDING 2: SERVICE DRIVES DISLOYALTY

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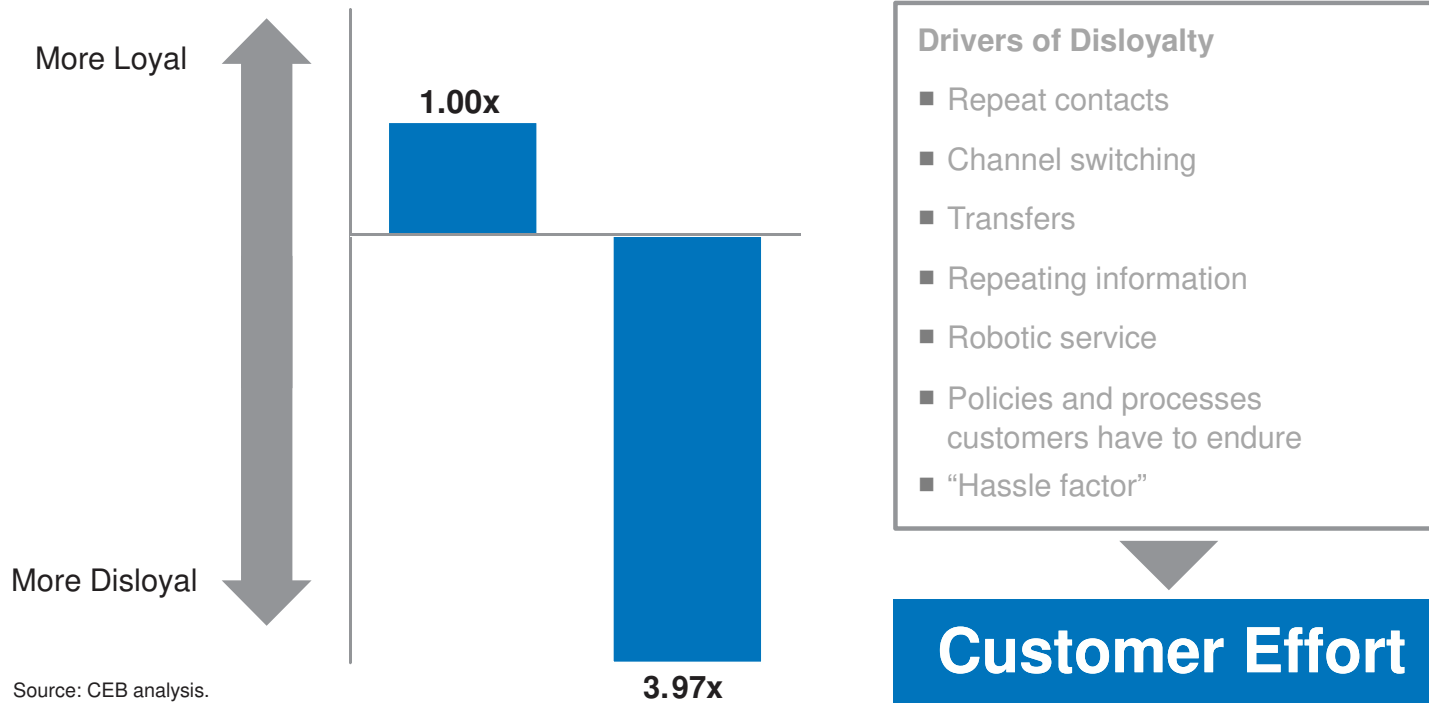
Customer Service Impact on Loyalty

More Loyal

1.00x

More Disloyal

3.97x
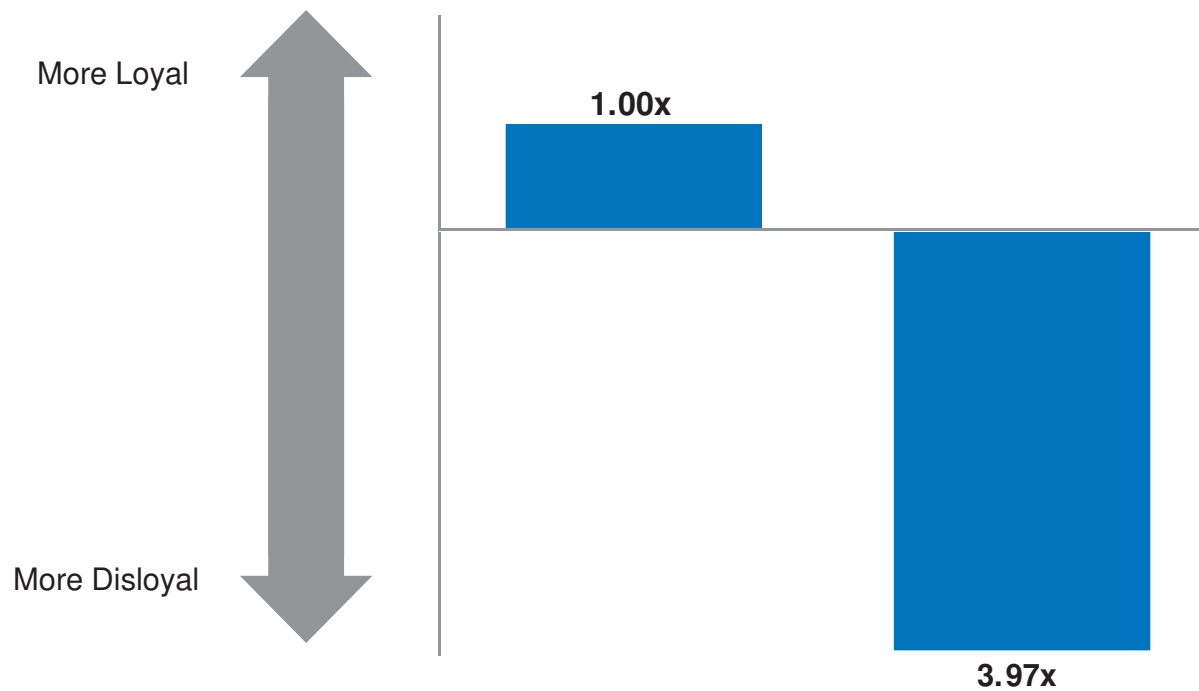
Source: CEB analysis.

FINDING 2: SERVICE DRIVES DISLOYALTY

Customer Service Impact on Loyalty

More Loyal

1.00x

More Disloyal

3.97x

Drivers of Disloyalty

- Repeat contacts
- Channel switching
- Transfers
- Repeating information
- Robotic service
- Policies and processes customers have to endure
- "Hassle factor"
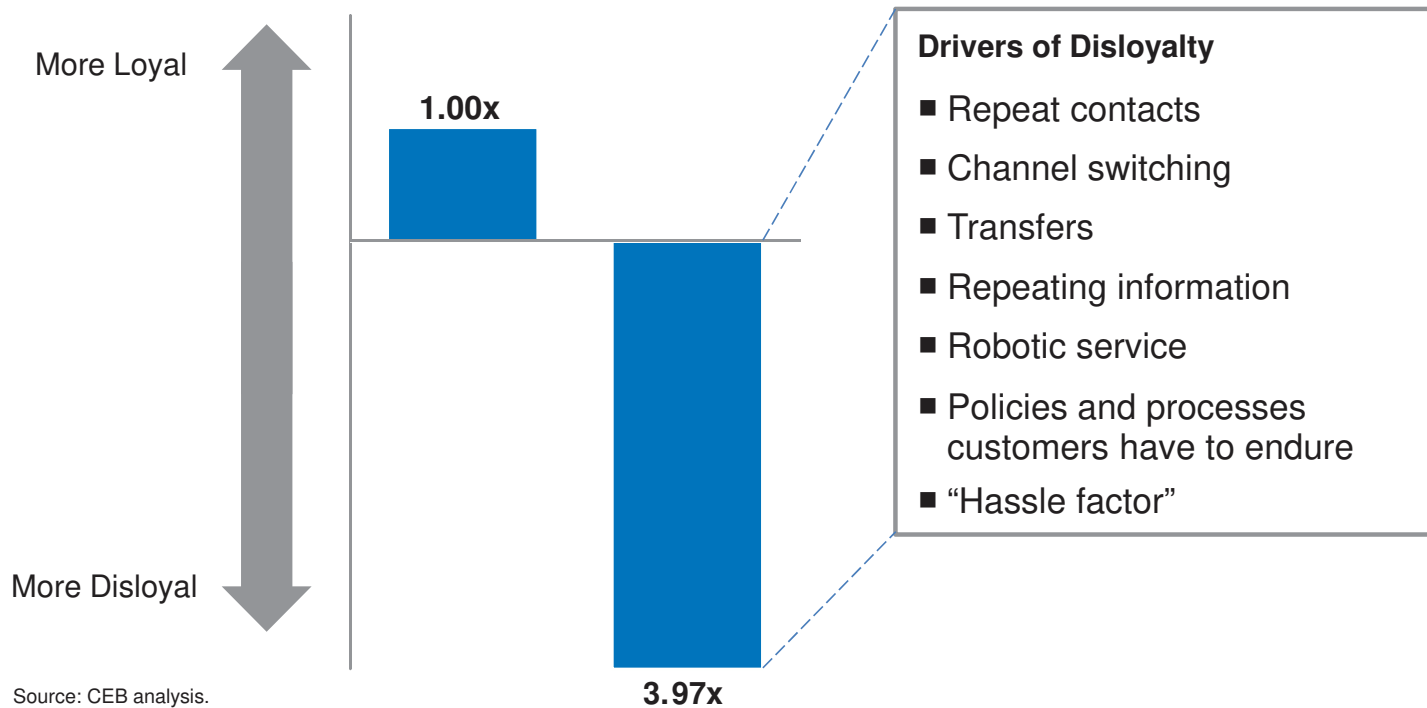
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FINDING 3: MITIGATE DISLOYALTY BY REDUCING EFFORT

Customer Service Impact on Loyalty

More Loyal

1.00x

More Disloyal

3.97x

Drivers of Disloyalty

- Repeat contacts
- Channel switching
- Transfers
- Repeating information
- Robotic service
- Policies and processes customers have to endure
- "Hassle factor"

Customer Effort

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THE BUSINESS CASE FOR
THE EFFORTLESS EXPERIENCE

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THE BUSINESS CASE FOR
THE EFFORTLESS EXPERIENCE

94%

Repurchase

4%

Low Effort   High Effort

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THE BUSINESS CASE FOR
THE EFFORTLESS EXPERIENCE

Repurchase

94%

4%

Low Effort   High Effort

**Increased Spend/
Share of Wallet**

88%

4%

Low Effort   High Effort

Source: CEB analysis.

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THE BUSINESS CASE FOR
THE EFFORTLESS EXPERIENCE

Repurchase

94%

Low Effort

4%

High Effort

**Increased Spend/
Share of Wallet**

88%

Low Effort

4%

High Effort

Negative WOM

1%

Low Effort

81%

High Effort

Source: CEB analysis.

THE BUSINESS CASE FOR
THE EFFORTLESS EXPERIENCE

Repurchase

94%
Low Effort

4%
High Effort

**Increased Spend/
Share of Wallet**

88%
Low Effort

4%
High Effort

Negative WOM

1%
Low Effort

81%
High Effort

Overall Disloyalty

9%
Low-Effort
Experience

96%
High-Effort
Experience
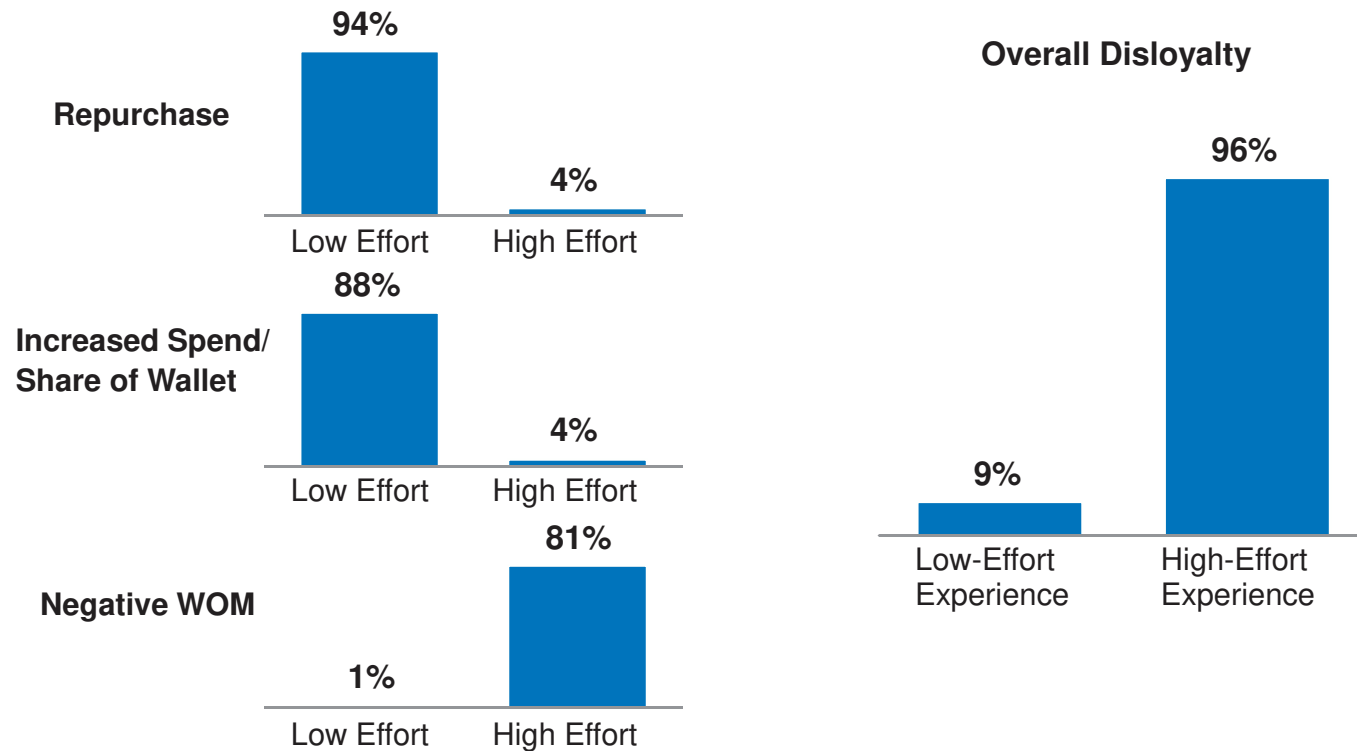
Source: CEB analysis.

THE PILLARS OF
LOW-EFFORT SERVICE

THE PILLARS OF
LOW-EFFORT SERVICE

Channel Stickiness

Next Issue Avoidance

Experience Engineering

THE PILLARS OF LOW-EFFORT SERVICE

Channel Stickiness

Next Issue Avoidance

Experience Engineering

WHICH WOULD YOU RATHER USE?
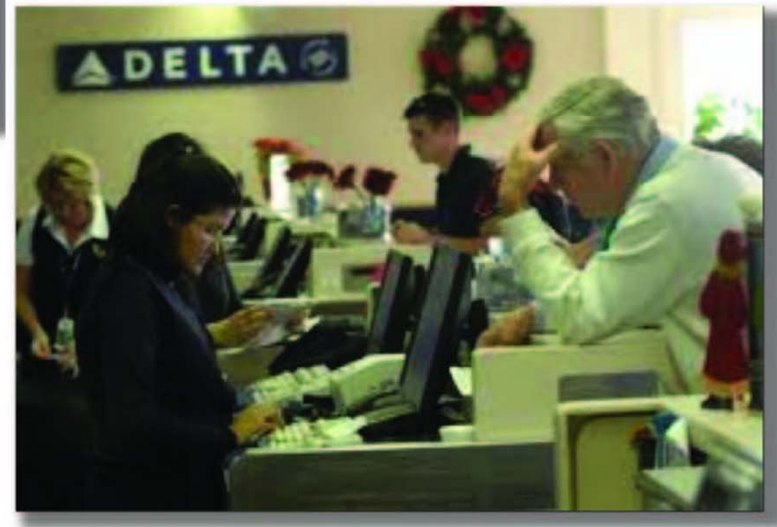
YOUR CUSTOMERS DON'T WANT TO TALK TO YOU

YOUR CUSTOMERS DON'T WANT TO TALK TO YOU

Company Perception

2.5X

1.0X

Web Preference   Phone Preference

Actual Customer Preference

Pattern largely holds across issue types and demographics

1.0X   1.0X
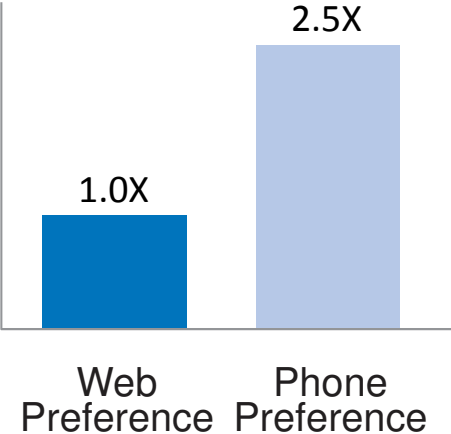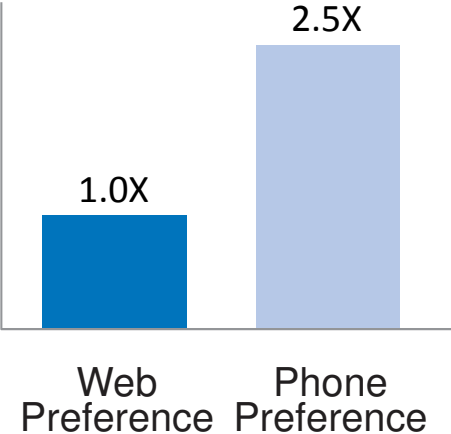
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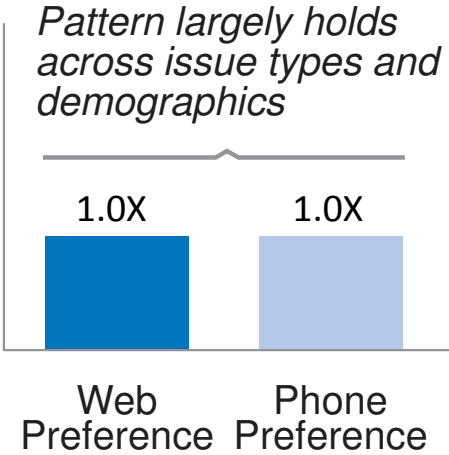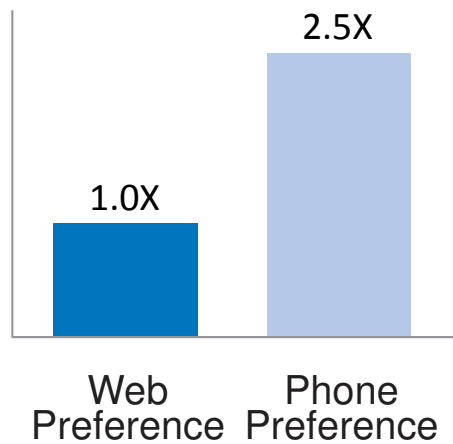
Web Preference   Phone Preference
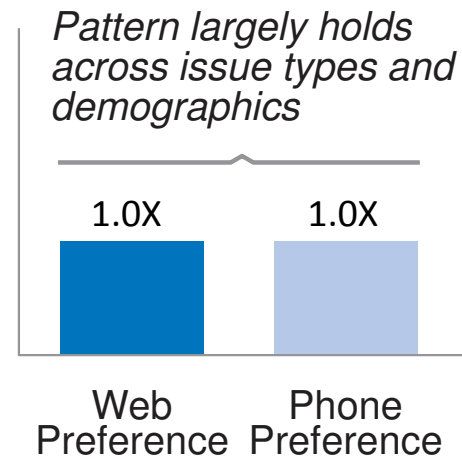
- **3-5 years ago, 66% of customers primarily relied on the phone**

- **Today, only 28% of customers report that they primarily rely on the phone**
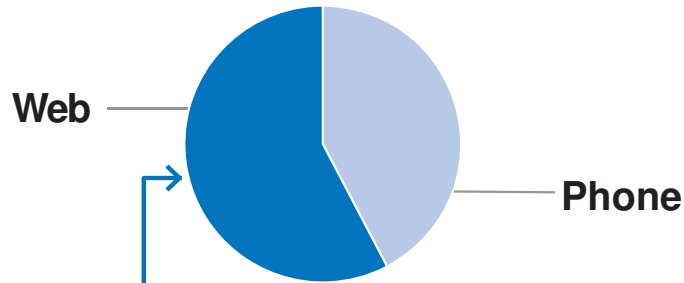
BUT THEY'RE STILL CALLING
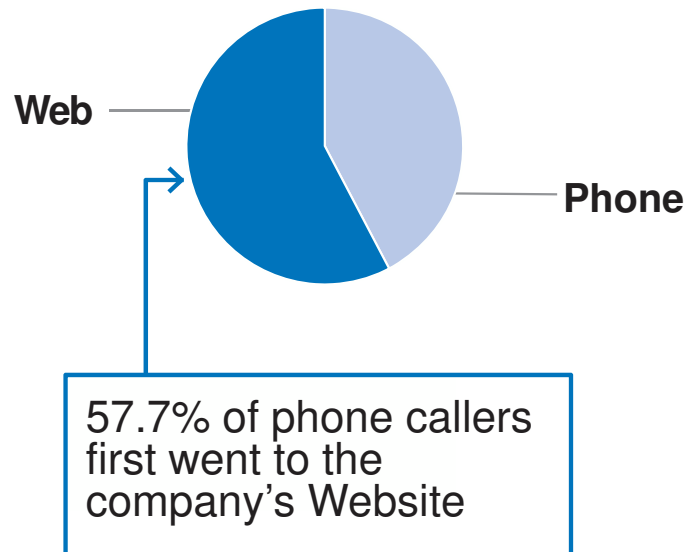
First Contact Channel

Web
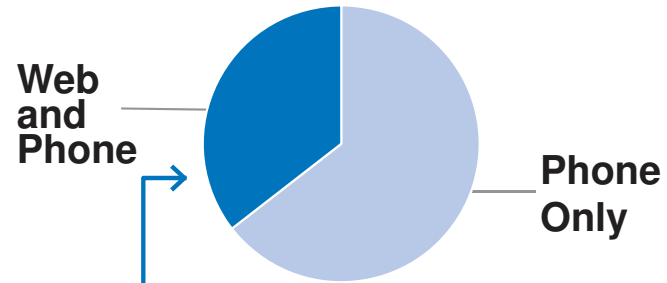
Phone

57.7% of phone callers first went to the company's Website

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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

Source: CEB analysis.

CUSTOMER CHOICE IS NOT THE ANSWER

Source: CEB analysis.

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CUSTOMER CHOICE IS NOT THE ANSWER

16%
Value CHOICE Over Ease

- Want issue resolved in their preferred channel

- Prioritize channel choice above all else

Source: CEB analysis.

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CUSTOMER CHOICE IS NOT THE ANSWER

16%
Value CHOICE Over Ease

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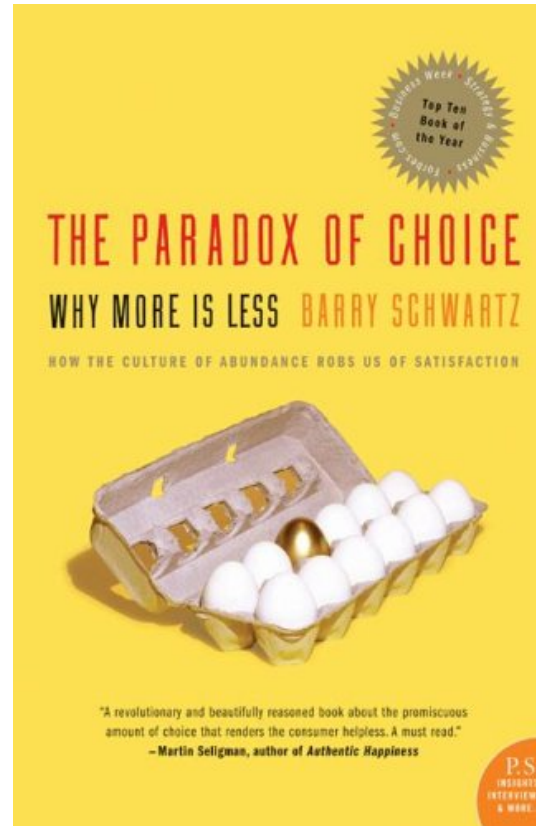
- Prioritize channel choice above all else

84%
Value EASE Over Choice

- Want fast resolution without bouncing around channels

- Prioritize low effort over channel choice

Source: CEB analysis.

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CHOICE OVERWHELMS

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"I didn't have time to write you a short letter...so, I wrote you a long one instead."

-Mark Twain

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THE GUNNING FOG INDEX

Source: http://gunning-fog-index.com/index.html

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."

Source: CEB analysis

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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."

FOG Index Score: 24.60

Source: CEB analysis

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KEEPING IT SIMPLE

What Tim Geithner said:

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FOG Index Score: 24.60

What he should have said:

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

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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

Source: CEB analysis

CEB

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KEEPING IT SIMPLE

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FOG Index Score: 24.60

FOG Index Score: 8.46

http://gunning-fog-index.com/index.html

Source: CEB analysis

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THE PILLARS OF LOW-EFFORT SERVICE

Channel Stickiness

Next Issue Avoidance

Experience Engineering

THE WORST QUESTION A REP CAN ASK

THE WORST QUESTION A REP CAN ASK

"Have I fully resolved your issue today?"

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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

Source: CEB analysis.

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
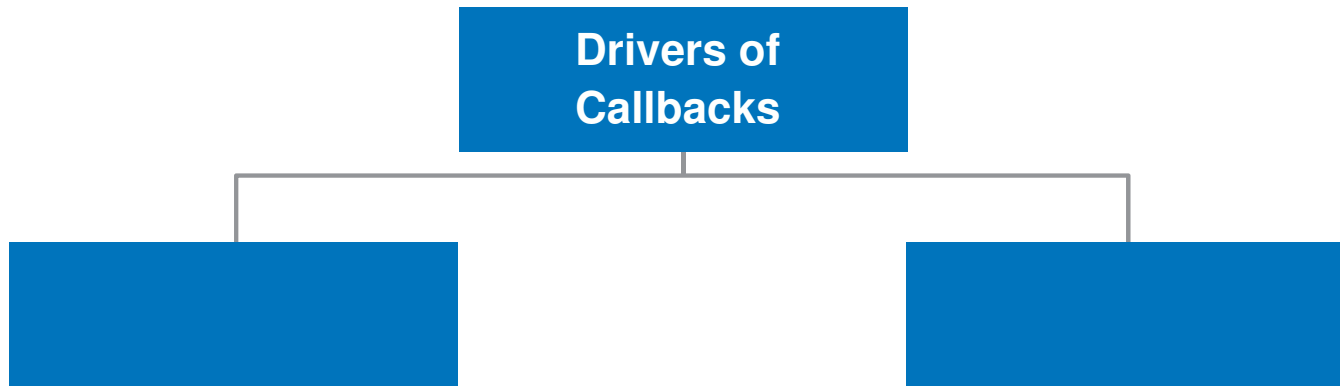
Source: CEB analysis.

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WHY DO CUSTOMERS CALL BACK?

WHY DO CUSTOMERS CALL BACK?
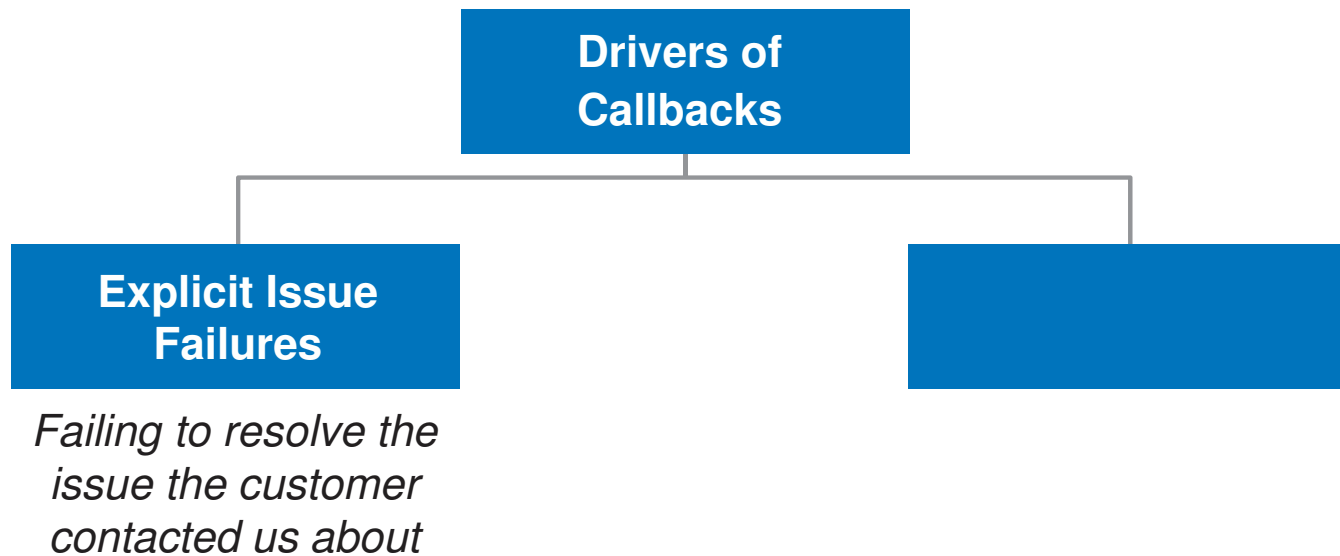
Drivers of Callbacks

WHY DO CUSTOMERS CALL BACK?

Drivers of Callbacks

Explicit Issue Failures

Failing to resolve the issue the customer contacted us about

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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 <u>related</u> to what the customer contacted us about

46%
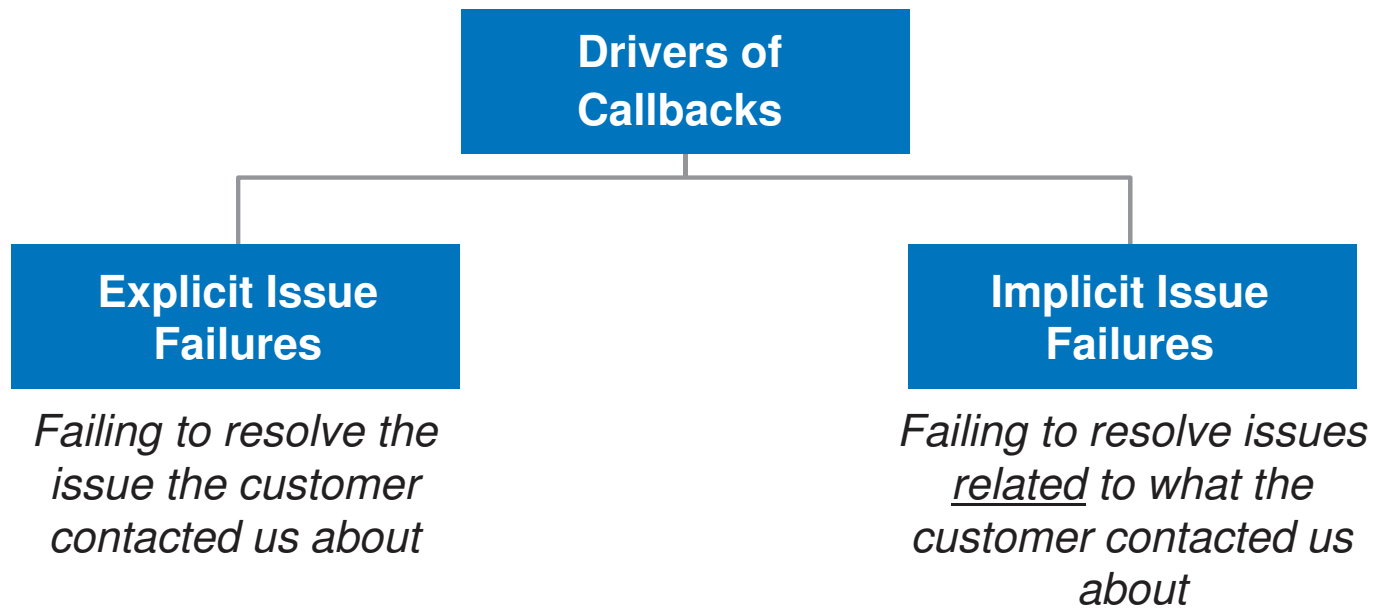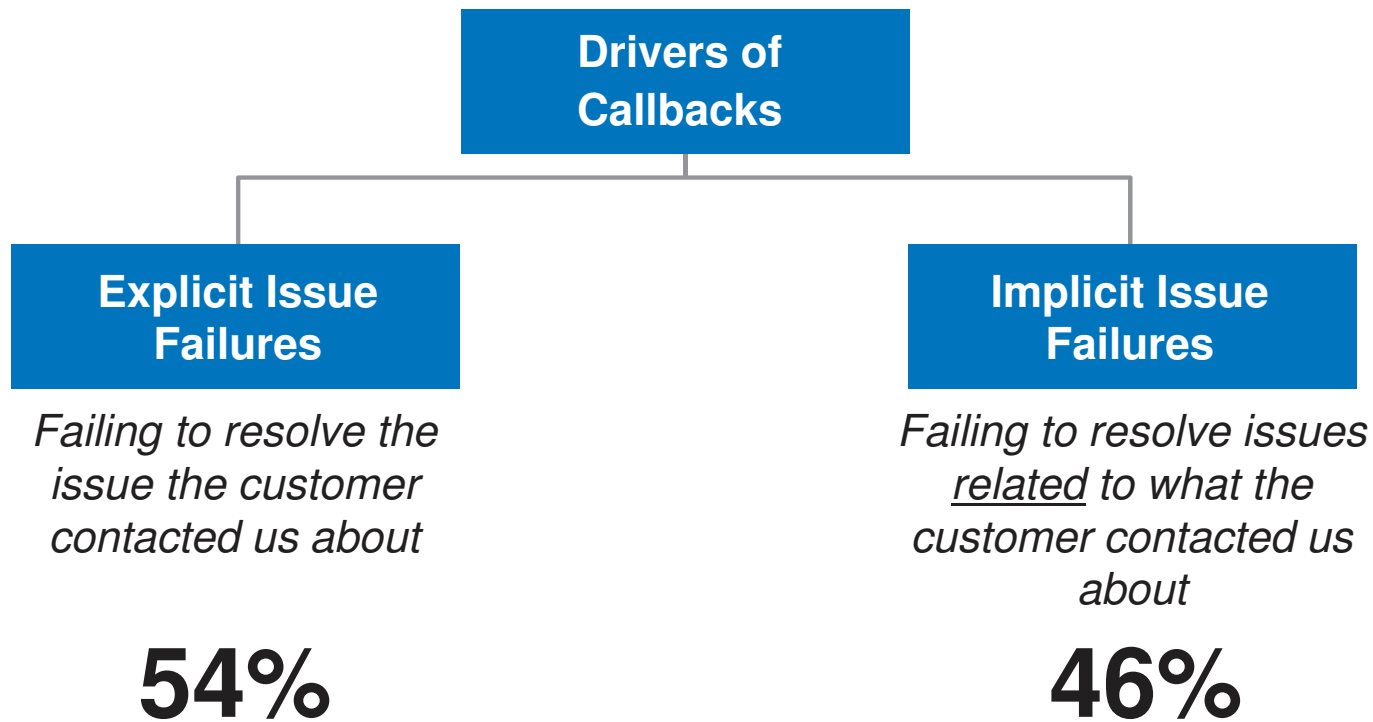
Source: CEB analysis.

ONE STEP AHEAD

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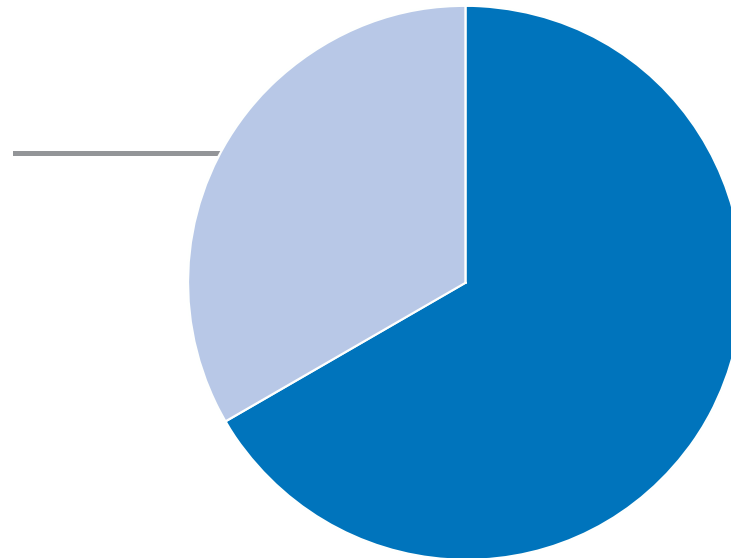# THE PILLARS OF LOW-EFFORT SERVICE

Channel Stickiness

Next Issue Avoidance

Experience Engineering

CUSTOMERS PERCEIVE EFFORT *DIFFERENTLY* THAN WE THOUGHT

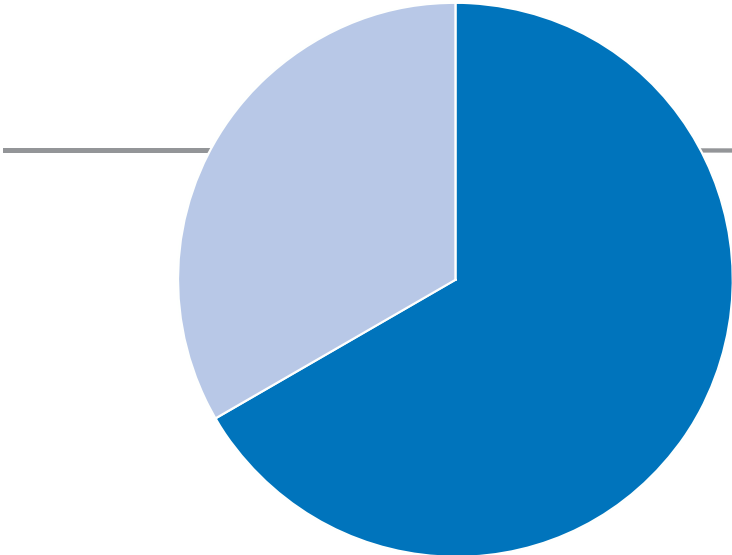# CUSTOMERS PERCEIVE EFFORT *DIFFERENTLY* THAN WE THOUGHT

What customers have to DO to resolve their issues

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CUSTOMERS PERCEIVE EFFORT *DIFFERENTLY* THAN WE THOUGHT

What customers have to DO to resolve their issues

How customers FEEL when resolving their issues

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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%

Source: CEB analysis.

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WORDS MATTER *(a lot!)*

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

POSITIVE LANGUAGE
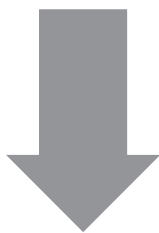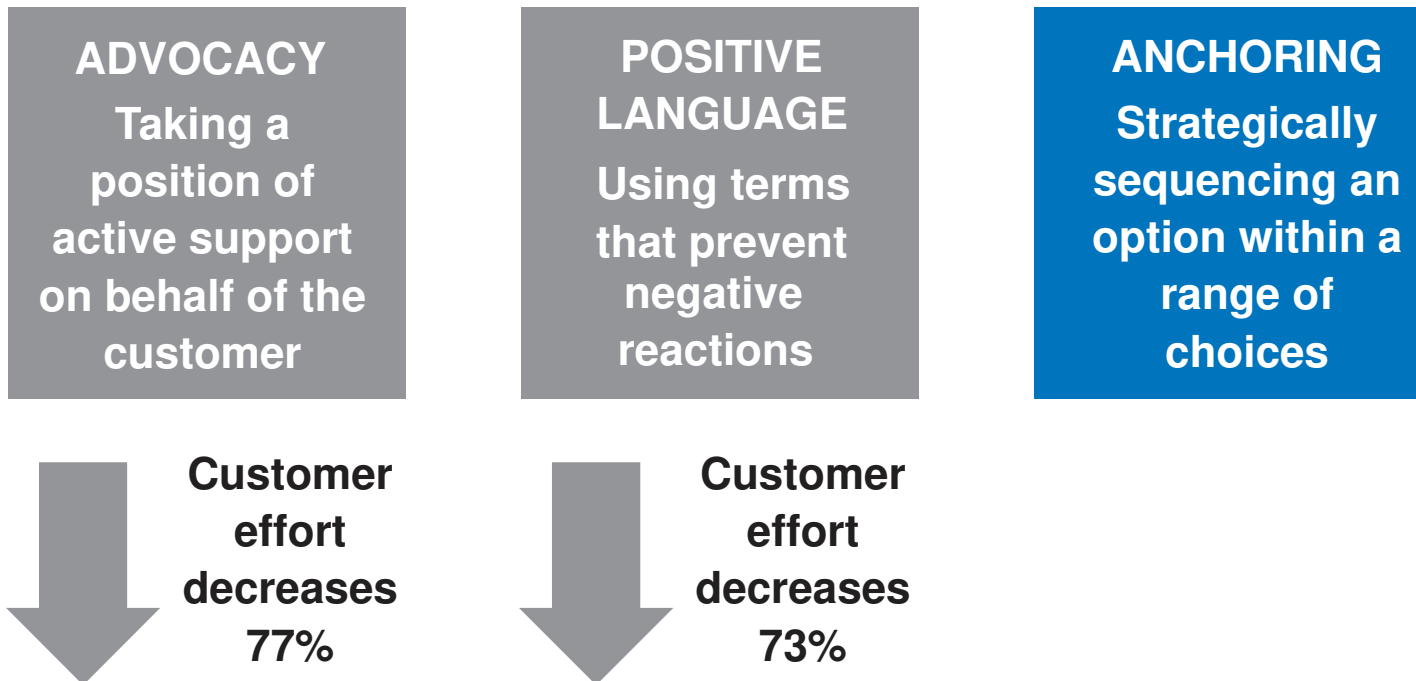**Using terms that prevent negative reactions**

Customer effort decreases 77%

Source: CEB analysis.

WORDS MATTER *(a lot!)*

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

POSITIVE LANGUAGE
Using terms that prevent negative reactions

Customer effort decreases 77%

Customer effort decreases 73%

Source: CEB analysis.

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WORDS MATTER *(a lot!)*

| **ADVOCACY** Taking a position of active support on behalf of the customer | **POSITIVE LANGUAGE** Using terms that prevent negative reactions | **ANCHORING** Strategically sequencing an option within a range of choices |

Customer effort decreases 77%

Customer effort decreases 73%

Source: CEB analysis.

WORDS MATTER *(a lot!)*

ADVOCACY	POSITIVE LANGUAGE	ANCHORING
Taking a position of active support on behalf of the customer	Using terms that prevent negative reactions	Strategically sequencing an option within a range of choices

Customer effort decreases **77%**

Customer effort decreases **73%**

Customer effort decreases **55%**

Source: CEB analysis.

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HOW DOES THIS MAKE YOU FEEL?

Source: CEB analysis.

THE PILLARS OF LOW-EFFORT SERVICE

Channel Stickiness

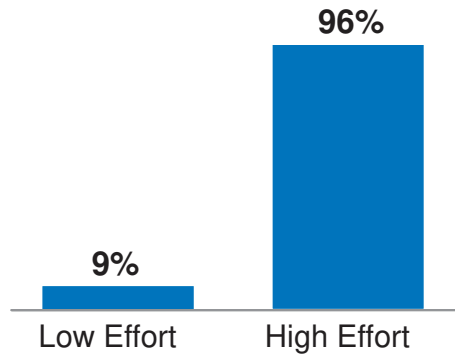**Next Issue Avoidance**

Experience Engineering

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THE CUSTOMER EFFORT SCORE 2.0

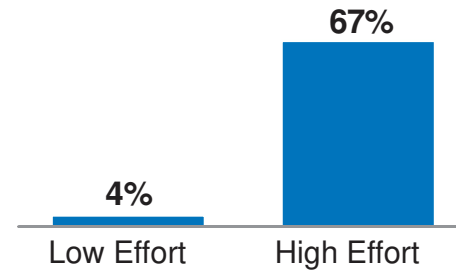|	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree Nor Disagree	Somewhat Agree	Agree	Strongly Agree
The company made it easy for me to handle my issue	○	○	○	○	○	○	○

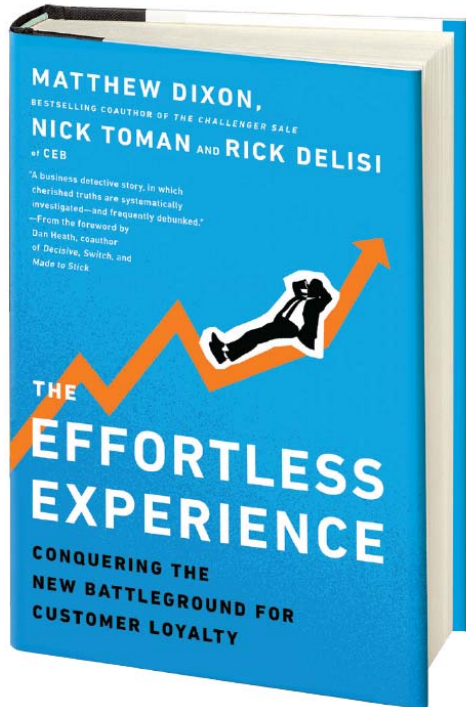| **A great way for service functions to detect potential disloyalty…**	**…and a way for service functions to positively impact Net Promoter Score®**

Overall Disloyalty

96%

9%

Low Effort   High Effort

Percent of Detractors

67%

4%

Low Effort   High Effort

Source: CEB analysis.

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 foreword by Dan Heath, coauthor of *Decisive*, *Switch*, and *Made to Stick*

THE EFFORTLESS EXPERIENCE

CONQUERING THE
NEW BATTLEGROUND FOR
CUSTOMER LOYALTY

To get a copy of this presentation, email us at
Effortless@executiveboard.com

To learn more about reducing customer effort, visit us at
ceburl.com/CEN

@CEB_Effortless   @matthewxdixon

www.youtube.com/CEB

The Effortless Experience from CEB

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