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
THREE QUESTIONS THAT GUIDED OUR RESEARCH

1. What impact DO customer service interactions have on a customer’s future loyalty?
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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?
MATTHEW DIXON,
BESTSELLING CHAMPION OF THE CHALLENGER SAGE
NICK TOMAN AND RICK DELISI
of CEB

"A must-read detective story, in which cherished truths are systematically investigated—and frequently dismantled."
—From the Foreword by
dan heath, coauthor
of Deciding, Switch, and
Made to Stick

THE EFFORTLESS EXPERIENCE
CONQUERING THE NEW BATTLEGROUNDS FOR CUSTOMER LOYALTY

#customereffort

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WHAT IS LOYALTY?

- Repurchase
- Share of Wallet
- Word of Mouth
WHAT IS LOYALTY?

The TRUES 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

The Perception

Below Customer Expectations  
Meets Customer Expectations  
Exceeds Customer Expectations

More Loyal

Less Loyal
FINDING 1: DELIGHT DOESN’T PAY

Below Customer Expectations | Meets Customer Expectations | Exceeds Customer Expectations

More Loyal | Less Loyal

The Perception | The Reality

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FINDING 1: DELIGHT DOESN’T PAY

- “Delight” only happens 16% of the time
- “Delight” increases operating costs 10-20%
PROMISES, PROMISES

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

Gneezy & Epley

FINDING 2: SERVICE DRIVES DISLOYALTY
FINDING 2: SERVICE DRIVES DISLOYALTY

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”

Source: CEB analysis.
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

Source: CEB analysis.
THE BUSINESS CASE FOR
THE EFFORTLESS EXPERIENCE
THE BUSINESS CASE FOR THE EFFORTLESS EXPERIENCE

Source: CEB analysis.
THE BUSINESS CASE FOR THE EFFORTLESS EXPERIENCE

- Repurchase: 94% for Low Effort, 4% for High Effort
- Increased Spend/Share of Wallet: 88% for Low Effort, 4% for High Effort

Source: CEB analysis.
THE BUSINESS CASE FOR THE EFFORTLESS EXPERIENCE

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

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

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

Source: CEB analysis.
THE BUSINESS CASE FOR THE EFFORTLESS EXPERIENCE

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

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

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

**Overall Disloyalty**
- Low-Effort Experience: 9%
- High-Effort Experience: 96%

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

Web Preference  |  Phone Preference

1.0X           |  2.5X
YOUR CUSTOMERS DON’T WANT TO TALK TO YOU

Company Perception

Web Preference | Phone Preference
1.0X | 2.5X

Actual Customer Preference

Pattern largely holds across issue types and demographics

Web Preference | Phone Preference
1.0X | 1.0X
YOUR CUSTOMERS DON’T WANT TO TALK TO YOU

Company Perception

Actual Customer 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

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

Source: CEB analysis.
BUT THEY’RE STILL CALLING

First Contact Channel

- Web
- Phone

Concurrent Channel Usage

- Web and Phone
- Phone Only

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

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.
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.
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.
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

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
KEEPING IT SIMPLE

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FOG Index Score: 24.60

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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.”

What he should have said:

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

FOG Index Score: 24.60

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FOG Index Score: 24.60

FOG Index Score: 8.46

Source: CEB analysis
**KEEPING IT SIMPLE**

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

Source: CEB analysis
THE PILLARS OF LOW-EFFORT SERVICE

- Channel Stickiness
- Experience Engineering
- Next Issue Avoidance
THE WORST QUESTION A REP CAN ASK
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“Have I fully resolved your issue today?”

Source: CEB analysis.
THE WORST QUESTION A REP CAN ASK

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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.
WHY DO CUSTOMERS CALL BACK?
WHY DO CUSTOMERS CALL BACK?

Drivers of Callbacks

[Diagram showing a branching structure with two sections, but the具体内容 is not visible in the image.]
WHY DO CUSTOMERS CALL BACK?

Drivers of Callbacks

Explicit Issue Failures

Failing to resolve the issue the customer contacted us about

Source: CEB analysis.
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

Source: CEB analysis.
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%

Source: CEB analysis.
ONE STEP AHEAD
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

Source: CEB analysis.
CUSTOMERS PERCEIVE EFFORT DIFFERENTLY THAN WE THOUGHT

What customers have to DO to resolve their issues

How customers FEEL when resolving their issues

Source: CEB analysis.
WORDS MATTER *(a lot!)*
WORDS MATTER (*a lot!*)

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

Source: CEB analysis.
WORDS MATTER *(a lot!)*

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

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%

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.
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

Source: CEB analysis.
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%

Source: CEB analysis.
HOW DOES THIS MAKE YOU FEEL?

Source: CEB analysis.
THE PILLARS OF LOW-EFFORT SERVICE

Channel Stickiness

Next Issue Avoidance

Experience Engineering
# THE CUSTOMER EFFORT SCORE 2.0

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Somewhat 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</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>easy for me to handle my issue</td>
<td></td>
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</tr>
</tbody>
</table>

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

Overall Disloyalty

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

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

Percent of Detractors

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

Source: CEB analysis.
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

#customereffort