



An Oracle White Paper
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Managing Customer Effort

Increasing Customer Acquisition and Loyalty by Managing Customer Effort

A justification and case study on managing customer effort

1 Executive Overview

Contact Centers around the world are experiencing continual change as they work to create a superior customer experience. The traditional contact center strategies that were focused on maximizing operational efficiencies, reducing costs and contributing to revenue goals are now being expanded to consider the impact that company policies and procedures have on the customer experience. Traditional measures such as Customer Satisfaction (CSAT), Net Promoter Score (NPS) and First Contact Resolution (FCR) have long been the measures used to evaluate the customer's perception of the support they receive. Although these measures are excellent indicators of the customer experience, they fail to address an important aspect of the overall customer experience, namely customer effort. Customer Effort in its simplest terms is defined as the amount of effort that customers must expend to do business with or get support from a company. To manage this important aspect of the customer experience it is paramount that companies understand how to develop a program that measures customer effort, identifies the friction points that create customer effort, and eliminate the processes and procedures that lead to high customer effort. The importance of customer effort is further amplified in an 'always connected' world where customers have immediate access to competitive products from companies who may have simplified processes that make it easier for the customer to purchase a product or obtain support.

Customer Effort:

The amount of effort that customers must expend to do business with, or obtain support, from a company.

Customer Effort Management:

- Measure customer effort
- Identify friction points
- Eliminate high effort processes

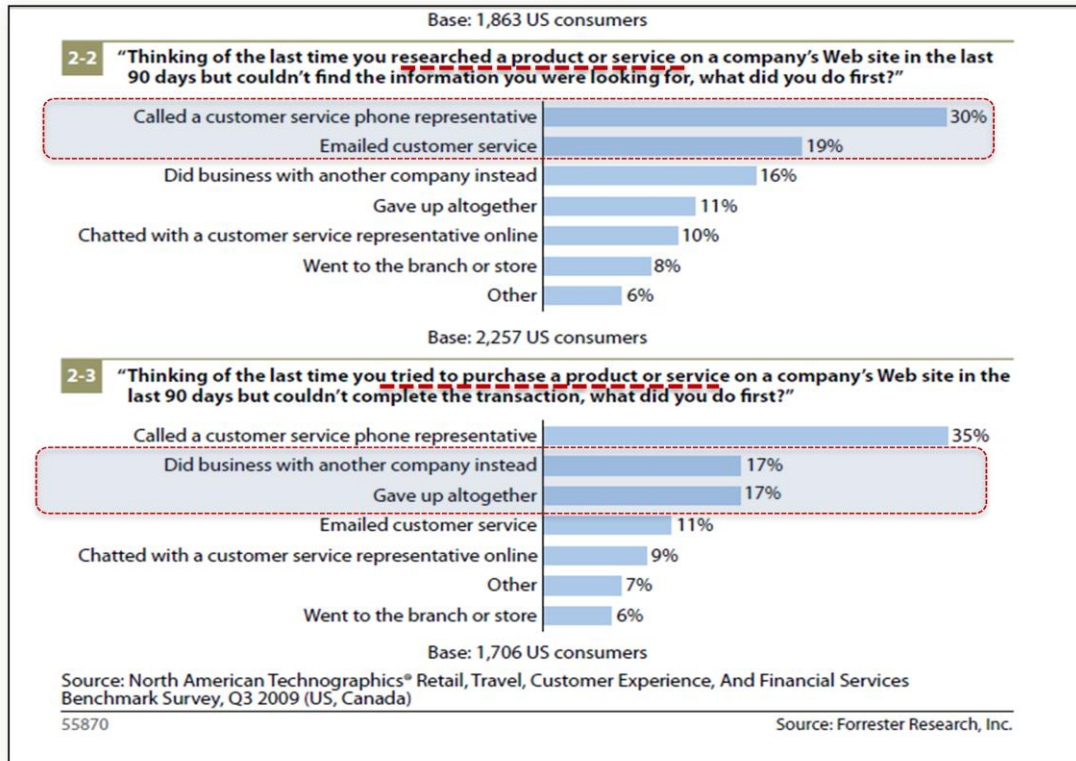
Customer feedback is a powerful method of understanding customer behavior and provides organizations the tools and statistical data to make decisions that improve the customer experience. By adding customer effort to existing feedback programs, companies can obtain a more holistic view of the customer's experience.

This paper will explore these issues and highlight the strategies and solutions that are available to reduce customer effort and maximize customer loyalty.

2 Introduction

The holy grail of long term company profitability has been in knowing what drives loyal behavior on the part of the customer, what causes them to come back and most importantly what drives them away. There are numerous attributes that create customer loyalty including brand image, product value and the customer service experience to name a few. While there are several attributes that contribute to loyalty, market studies have shown that the customer experience is a critical component of loyalty. This white paper addresses customer effort as one of the important attributes of the overall customer experience.

Customer effort is important in both agent-assisted transactions that occur on interaction channels like email, phone and chat as well as self-service transactions that occur over self-service channels like web or mobile applications. The transformation of the service delivery model has evolved to include self-service as a cornerstone of many companies' service delivery model. It provides a cost-effective means of providing service 24 hours a day. Self-service is a powerful and effective service delivery model, yet its very nature can diminish the intimacy of the customer relationship. It is also the channel that has the most immediate threat to customer loyalty as customers are one click away from your competitor's products and services. The research below indicates how easily customers switch channels to obtain information and more importantly how customers chose another company to provide the products and services they desired.



Self-service strategies must take into account the effort that a customer must exert to complete a self-service transaction. Several examples of high customer effort that must be considered include the ability to:

- 1) **Navigate** through online self-service applications to complete a transaction
- 2) **Find** information that is relevant to the customers interaction
- 3) **Reach** a support agent and complete a transaction
- 4) **Obtain** a confirmation that the transaction was completed successfully
- 5) **Track** the delivery of a product or service

A recent study conducted by the Corporate Executive Board and published by the Harvard Business Review validates the notion that what customers really want is an efficient, satisfactory solution to their request. The study demonstrated that reducing customer effort increases the likelihood that the customer will return, increases the amount they will spend and increases their propensity to speak positively about the company – in other words they will become more loyal. With this research, there is ample proof that reducing customer effort can have a positive impact on both acquiring new customers and retaining existing customers.

In addition, numerous studies have shown that customers who receive excellent customer support are four (4) times more likely to remain a loyal customer than those that receive poor support. Various researchers from [Reichheld's Net Promoter research](#) to Keiningham & Vavra, [Improving Your Measurement of Customer Satisfaction](#), have concluded that through deliberate planning and execution, companies can significantly improve customer acquisition and loyalty.

In the next section (Establishing a Customer Effort Program) we will look at what a customer effort program consists of and how to manage it for positive change.

3 Establishing a Customer Effort Program

Customer Effort Programs are a natural extension of the customer feedback programs that many companies use today. Customer feedback programs provide a measure on the quality of the customer experience as well as serving as a vehicle to collect specific input from customers that can be used to redesign or refine the processes and practices that reduce customer satisfaction. These customer feedback programs can be supplemented with customer effort data that will add another important dimension to the overall customer experience. Advanced organizations not only measure their customer satisfaction, they also use the feedback to identify the root causes that detract from satisfaction and ultimately reduce customer loyalty. The process of identifying and addressing business processes that cause dissatisfaction can also be used to address processes that are identified as 'high-effort' by customers.

Step 1: Review Existing Feedback

The first step in establishing a customer effort program is to review your existing feedback program to ensure that it is designed to obtain feedback on customer effort as one of the attributes of the overall feedback survey.

The following example is a customer effort feedback question that has been used within existing feedback surveys by leading companies:

“On a scale of 1 to 5, with 5 being the highest effort, please indicate the total effort that was required by you to complete your transaction or resolve your issue?”

Variations on the wording are acceptable; however, you want to ensure that the customer understands that you are looking for a rating on the effort required by the process, rather than the effort required by an agent to complete the transaction. Customer effort is best used as a measure that indicates how easy it is to do business with your company, rather than yet another measure of agent efficiency. Although agent efficiency can have an impact on the overall effort, it is generally the business process that creates the lion's share of the effort to conduct a transaction or obtain support. This is particularly true in online transactions where there are no agents engaged in the process of completing a transaction.

Step 2: Ensure feedback can be correlated to the transaction

The second step is to ensure that feedback on customer effort can be correlated to the self-service or agent-assisted transaction type that the customer conducted. This requires that you either ask the customer the type of transaction that they conducted or that the feedback received is automatically tied to the interaction so that the interaction reason and the customer effort score can be correlated. It is always desirable to

automate the correlation of the feedback to the customer interaction record whenever possible so that the feedback can be analyzed against the customer’s situation. By correlating the effort score and the interaction reason you will quickly identify the interaction types and the associated business processes that create the highest customer effort. This will provide the business team a list of processes that are rated by customers as high effort which should be addressed as high priority.

Step 3: Identify friction points

The third step is the process of identifying the high effort points (friction points) in the major processes that make customer actions overly complex or difficult to complete. Friction point maps can be used to develop a customer interaction diagram that identifies the key actions required to complete a task and the effort required to complete each action. An example of a friction point map is provided in Figure 1 to help visualize the concept.

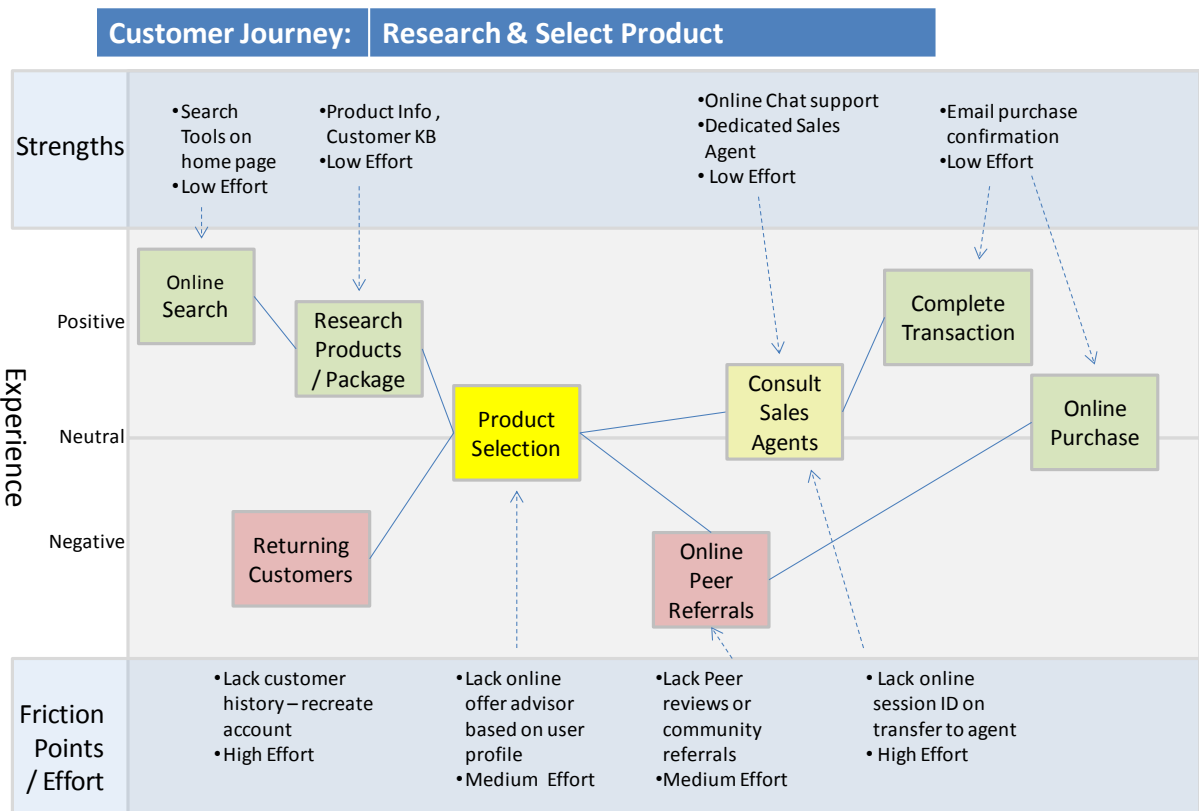


FIGURE 1: CUSTOMER JOURNEY FRICTION MAP

Interpreting the diagram

The diagram visualizes the customer interaction points (decision points) for researching and selecting a product. Each decision point or customer interaction point is identified in a functional block.

The tools and processes provided by the company to support each functional block are identified in the top (Strengths) and bottom (Friction Points) layers of the diagram. Where there are tools and low effort processes in place to support the decision point they are noted in the 'strengths' row at the top of the diagram. For example; the customer journey point of 'online search' is supported by 'search tools on the home page'. This reduces customer effort and ensures that the customer has a positive experience as they search the site for information.

Conversely, where tools and processes do not exist to support the interaction point, they are noted at the bottom of the diagram as 'Friction Points'. For example; the 'Product Selection' functional block illustrates that the lack of an online tool increases the customers effort required to select the right product. Each functional block is then moved up and down within the customer experience range to visualize those functions that create a positive experience and those that create a negative experience. This enables the process manager to see which functional blocks are contributing to and which are detracting from a superior customer experience.

By addressing the high effort (friction points) at the bottom of the diagram the company can significantly reduce customer effort and increase customer acquisition and loyalty.

A Customer Journey Map should be developed for all of the key aspects of the customer journey. A diagram that highlights the typical customer journey points is provided in Figure 2 as a reference.

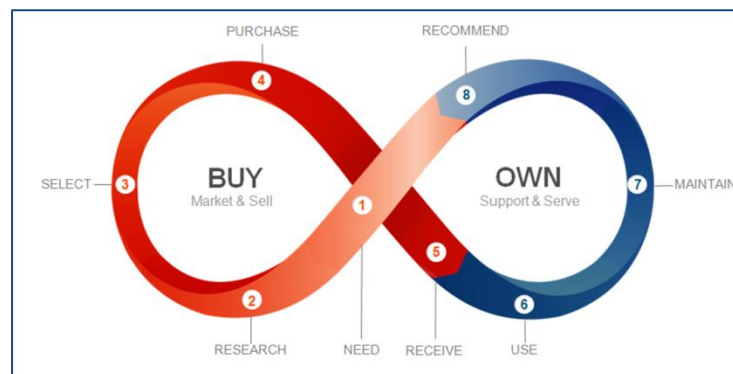


FIGURE 2: CUSTOMER JOURNEY DECISION POINTS

By building a customer journey map that identifies the customer effort (friction points) at every point in the customer lifecycle, companies can identify and develop action plans to address the processes and tools that create high customer effort.

4 Analyzing Customer Effort Feedback

In the preceding section one can see the customer's perception of the effort that was required to complete a transaction is the culmination of all the individual efforts required at each step of the customer journey. However, in order to make meaningful change that will address the customer effort, the organization must break the customer effort down into manageable pieces. To achieve the level of focus required, the company should use the following steps to identify and break the effort into manageable actions.

First: Collect Internal Insights

Internal insights can be gathered by interviewing each functional area to understand where customers have expressed frustration over current processes and where customers spend the most amount of time working with the client to complete transactions or obtain support for issues.

One example that is common in many organizations is invoicing or billing. Invoices that are overly complex or contain cryptic explanations of charges cause high customer effort to interpret the invoice and understand the charges contained within the invoice. Many Telecom and Cable companies have spent numerous hours redesigning their invoices to make them easier to understand and clearer to the customer. The process of talking to the billing department, understanding what customers frequently call about and then re-designing the invoice is an example of process re-engineering designed to reduce customer effort. Additional insight can be gained from call center records that indicate the most common call reasons. These existing reports are indicators of customer journey points that require additional assistance to complete transactions. When mapped up against web statistics they can also be a powerful indicator of friction points online that customers must overcome by calling into a call center to complete an online transaction.

Second: Develop a Hypothesis

After collecting all of the insights gained from internal interviews a hypothesis can be developed that outlines the areas that are likely causing the greatest amount of customer effort.

Third: Research the current processes used to support customers

The hypothesis developed in the second step will indicate which processes create the greatest amount of customer effort. The process diagrams can be used to highlight specific process steps that likely cause high customer effort.

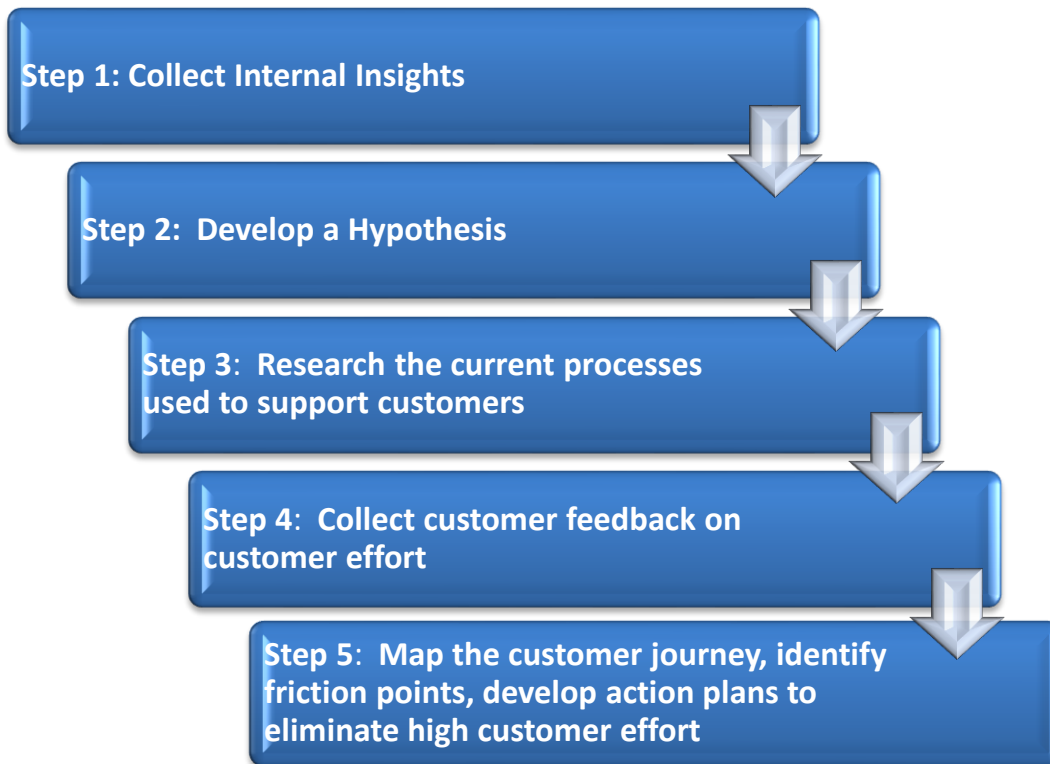
Fourth: Collect customer feedback on customer effort

The feedback surveys that are completed by customers will identify the level of customer effort for the interaction type to determine which processes or transactions are rated as high customer effort. Feedback results can also be correlated to customer satisfaction or loyalty ratings to determine which high effort interactions are the greatest risk to customer acquisition and customer loyalty.

Fifth: Map the customer journey and identify friction points

By mapping the customer journey and using the internal interview data and the customer feedback data the friction points can be identified. Once identified an internal process review will determine how to reduce or potentially eliminate the customer effort required in key steps of the process. This phase requires an open mind, as the root cause may be a company policy that needs revisions to determine if the policy should be reconsidered if it negatively impacts customer loyalty.

By following the steps outlined above a company can quickly identify, validate and develop action plans to remove the friction points that increase customer effort and reduce customer loyalty.



5 Case Study

A large consumer-facing support organization added customer effort to their feedback program and studied the relationship between customer effort and customer loyalty. A large sample (176,158) of customers who had just completed a support interaction was asked the following questions:

- 1) Was your issue resolved on the first attempt
- 2) Rate the level of effort required to complete the transaction as low, neutral or high
- 3) Rate your overall customer satisfaction on a five point scale
- 4) Identify your intent to stay as a customer (Loyalty)
- 5) How likely are you to recommend the company to a friend or co-worker

The results of the study are outlined in the Figure 3 & Figure 4

Issue Resolved		Level of Effort			overall sat	intent to stay a customer
base	176,158				%	
Yes	84%	Low	66617	45%	93%	87%
		Neutral	36820	25%	82%	81%
		High	44658	30%	61%	69%
NO	16%	Low	3214	12%	47%	53%
		Neutral	7176	26%	41%	50%
		High	17672	63%	25%	39%

FIGURE 3: LEVEL OF EFFORT AND LOYALTY

A few observations about level of effort and loyalty:

- 1) Customer Satisfaction is a combination of the ability to complete the customer request on the first interaction and the ability to do it with low customer effort.
 - a. Reducing customer effort improved customer satisfaction from 61% to 93% (**32% increase**)
 - i. Customers whose request was resolved on the first interaction and had low customer effort had a customer satisfaction rating of 93% vs 61% satisfaction for customers whose request was resolved on the first interaction, but had high customer effort.
- 2) Customer Loyalty is a combination of the ability to complete the customer request on the first interaction and the ability to do it with low customer effort.
 - a. Reducing customer effort improved customer loyalty from 69% to 87% (**18% increase**)
 - i. Customers whose request was resolved on the first interaction and had low customer effort had a customer loyalty rating of 87% vs 69% for customers whose request was resolved on the first interaction, but had high customer effort.

Issue Resolved		Level of Effort		willing to recommend
base	176,158			%
Yes	84%	Low	45%	87%
		Neutral	25%	71%
		High	30%	51%
NO	16%	Low	12%	41%
		Neutral	26%	34%
		High	63%	22%

FIGURE 4: LEVEL OF EFFORT AND WILLINGNESS TO RECOMMEND

Observations about level of effort and willingness to recommend:

- 1) **Willingness to recommend increases from 51% to 87%** (36% increase) when the effort required to complete a transaction moves from high to low effort.

6 Conclusion

Customer Effort is an important aspect of the overall customer experience. The combination of First Contact resolution with low effort creates a superior customer experience that increases customer loyalty by 36%!

Research has proven that reducing customer effort has a large impact on customer loyalty. By adding a customer effort program to your business operations you can identify where high customer effort exists and develop business strategies that reduce or eliminate customer effort to increase customer acquisition rates and increase customer loyalty.

If you are interested in learning more about customer effort and how the Oracle CX solutions and expertise can improve customer acquisition and loyalty, contact us at www.oracle.com/cx

7 References

First Contact Resolution (FCR) White Paper

[Reichheld's Net Promoter research](#)

Keiningham & Vavra, [Improving Your Measurement of Customer Satisfaction](#)



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Hardware and Software, Engineered to Work Together

