Leadership of the Customer Experience: Building Alliances to Become a Key Player at the C-Level

John Goodman, Vice Chairman, TARP

May 12, 2010

Dubai, UAE

Handout

Agenda

- Why doesn't the call center have respect?

- How do you get a seat at the Customer Experience table and ideally take over the CE table?

- Who are all your potential allies? – 9 Functions!

- Demonstrating impact

- Avoiding pitfalls

About TARP

- Founded in 1971—35 years of customer experience leadership
  - White House Complaint Studies 1970s-80s *(instigated 800#s and GE Answer Center)*
  - Assisted 6 Baldrige Winners and 43 *Fortune* 100 Companies
  - Initiated concept of "word of mouth" *(TARP/Coca-Cola 1978 Study)* and "word of mouse" (eCare and Click & Mortar studies 1999)

- Offices in Wash., D.C. and London

- Credited with developing the approach for quantifying the impact of quality on revenue, cost & WOM for companies like Neiman Marcus, Toyota/Lexus, USAA, Cisco Systems, Xerox, 3M, IBM, Intelligence Community, FAA, Ritz Carlton and Chick-Fil-A.

www.tarp.com

tarp worldwide — Release the Profit of Interaction™

Fig. 3. Your Employee.

Fig. 4. Your Happy Customer.

and helps you transform customer interaction into profit.

HISTORY / SERVICES / OUR CLIENTS / CASE STUDIES / OUR TEAM / CONTACT

Formula For Maximizing Customer Satisfaction

tarp worldwide

DOING THE RIGHT JOB RIGHT THE FIRST TIME

+

EFFECTIVE CUSTOMER CONTACT MANAGEMENT

=

MAXIMUM CUSTOMER SATISFACTION & LOYALTY

Improved Product & Service Quality

Feedback on Prevention

Respond to Individual Customers

Identify Sources of Dissatisfaction

Conduct Root Cause Analysis

Customers, donors, citizens will:

Use again

Use or donate more

Tell others to use or donate

Try your other products & services

Departments with Interest in What the Call Center Can Provide

1. Marketing – retention and word of mouth
2. Brand – brand-aligned service
3. Finance – margin
4. Quality – can provide analysis and needs call center data
5. Channel partner management – shelf space
6. Risk – better service reduces claims
7. Legal and Regulatory – better service reduces visibility
8. HR – less problems leads to happier front line and lower turnover
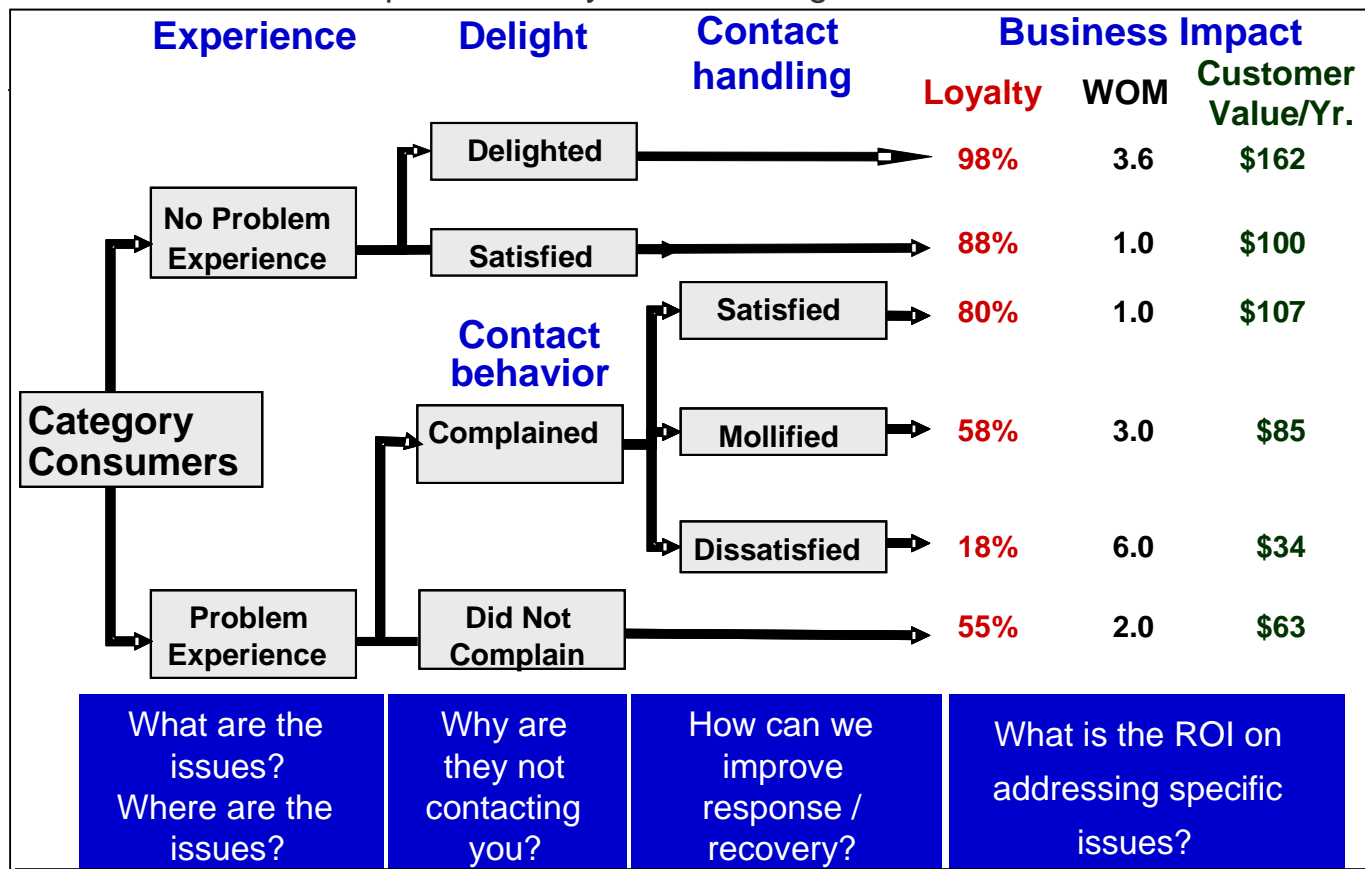9. Product development and market research – input and panels

Personal Interaction Has 20 Times More Impact

Specific Positive Experience	% Having Positive Experience	% With Greatest Impact	Avg. # Told About Pos. Experience
1. Great service transaction at the retail	60%	**29%**	4.3
2. Great service interaction with customer service representative	48%	**21%**	3.4
3. Did not feel pressured at the dealership	56%	18%	3.2
4. Dealership followed up to ensure that I was satisfied with the vehicle/service	64%	16%	3.2
5. Monthly statements	18%	4%	1.4
6. Access to account information online	12%	4%	2.9
7. Online bill payment	7%	2%	1.5
8. Advertisement	13%	**1%**	3.4
9. Automated phone system	7%	1%	2.2
10. Representative rectified a problem I was unaware of	5%	1%	4.0
11. Representative told me about a new product offering	4%	0%	5.8
12. Sponsorship	3%	**0**%	5.4
13. Finance planning tools	2%	0%	NA
14. Other	6%	4%	3.8

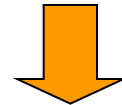**How many of those told took action on your referral? 1 out of 4 !!!**

Dollar Value of Different Outcomes

- Methodology is transparent and easy to act upon
  - Who complains, who doesn't, what is the financial impact
  - Three possible strategies are evident; prevention, increased complaining and improved handling
  - There is a financial impact even if you do nothing!

Experience	Delight	Contact handling	Business Impact		
			Loyalty	WOM	Customer Value/Yr.
	Delighted		98%	3.6	$162
No Problem Experience	Satisfied		88%	1.0	$100
	Contact behavior	Satisfied	80%	1.0	$107
Category Consumers	Complained	Mollified	58%	3.0	$85
		Dissatisfied	18%	6.0	$34
Problem Experience	Did Not Complain		55%	2.0	$63

What are the issues? Where are the issues?	Why are they not contacting you?	How can we improve response / recovery?	What is the ROI on addressing specific issues?

Strategic Approach to Brand-aligned Service

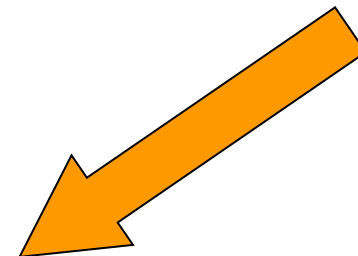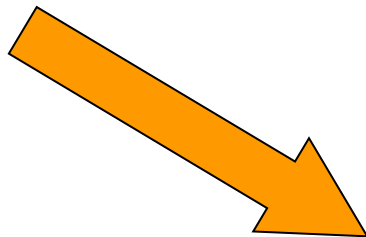**Clear ideal, doable, brand promise**

Strategic factors: Clear brand promise, values, accountability for experience, formal touch-point processes, measurement, feedback, employees, internal communication, connection, segmentation

Sales & Marketing message

New tactics

Expectation and perceived value

**Congruence = Success and positive WOM**

Key Components of Brand-aligned Service

1. Clear brand promise
2. Clear accountability for the brand
3. Focused values reinforce brand promise
4. Measuremetn and feedback
5. Formal process for each major touch
6. Ongoing communication to everyone
7. Planned emotional connection
8. Employees who deliver the brand
9. Customized brands for market segments

Assure Appropriate Expectations

- Time of Sale
  - Confirm
  - Explain
- Welcome Contact
  - Reconfirm
- In Line/On Hold
- Interim Follow-up
  - Explain and reconfirm
- At Time of Service
  - Explain and accommodate

**Most
Preferable**
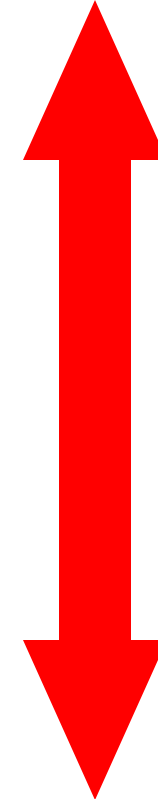
**Least
Preferable**

Impact of 90-Second Educational Intervention at Mannington Floors

- Customers Who Received Care & Warranty Information:
  - Were much more loyal

	Did receive info	Did not receive info
Definitely would buy	60%	35%
Definitely/probably	90%	81%

  - Had half as many problems (23%) vs. (41%)

- Conclusion: Aggressive education has huge payoff

Consider Using A Performance Guarantee

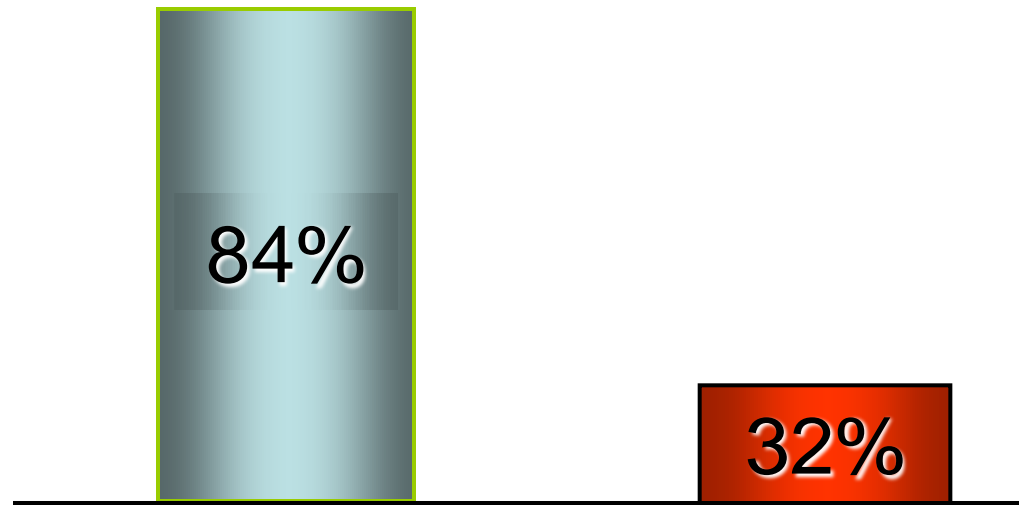| The Promise	The Payout	The Payout Process
• Relevant • Easy to understand • Unconditional	• Meaningful • Painful • Shocks competitors	• Proactive • Immediate • Easy to invoke • Empathetic

Unexpected Hampton Research Finding!

Guests Who Had a Problem ...

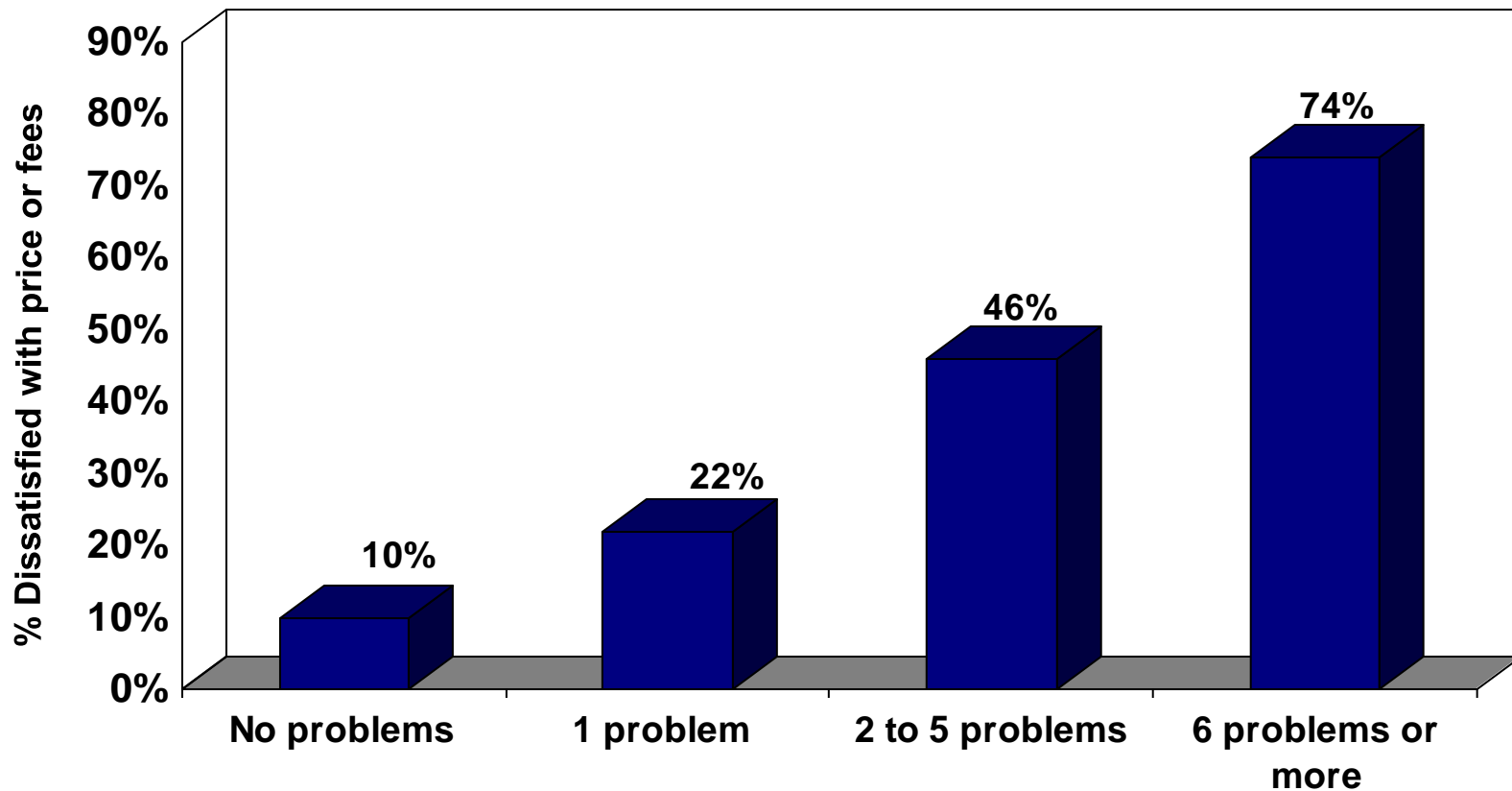and **did** invoke ExG

and *did not* invoke ExG.

Percentage who say they will definitely return to a Hampton Inn

84%

32%

CFO's conclusion: *Make $7 for every $1 of payout. Find dissatisfied guests and <u>force</u> them to accept the guarantee payout!*

Finance Wants Higher Margins

Percent of customers dissatisfied with fees rises with number of problems.
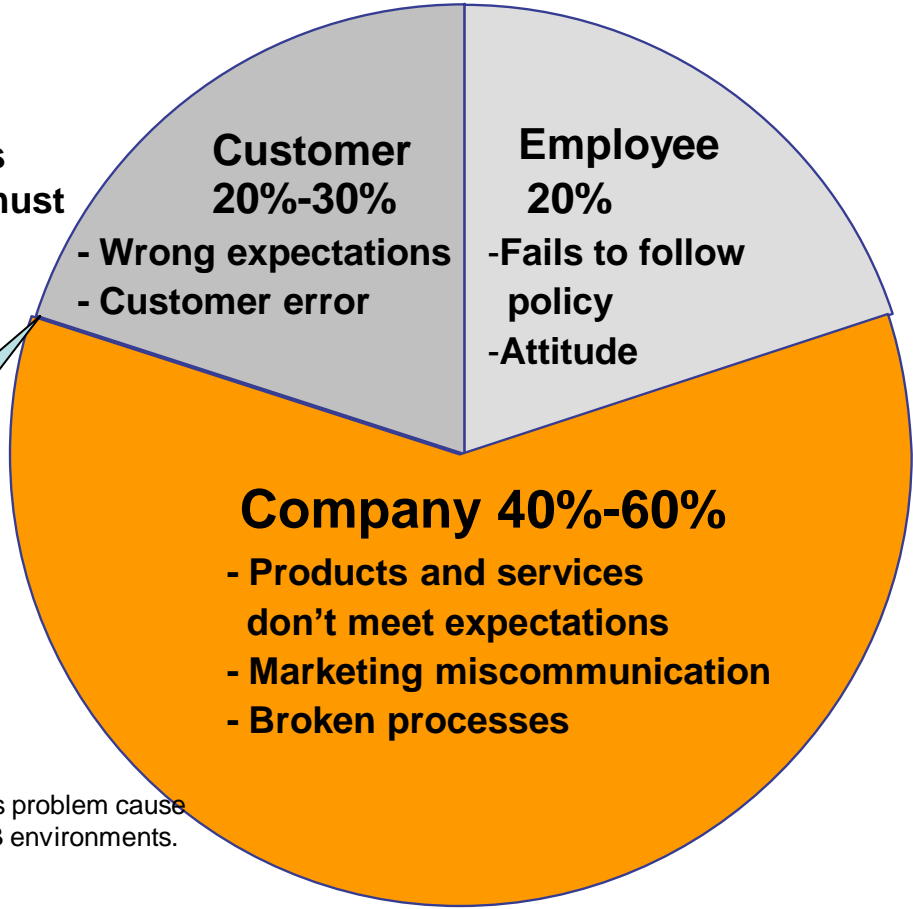
Quality Risk Legal and Regulatory Want Less Problems

The majority of customer dissatisfaction is NOT caused by employee error or attitude but by products that cause disappointment and broken processes*

Customer expectations must be set and they must be educated on how to avoid problems and surprises.

At least 30% of contacts are preventable

Customer 20%-30%
- Wrong expectations
- Customer error

Employee 20%
- Fails to follow policy
- Attitude

Company 40%-60%
- Products and services don't meet expectations
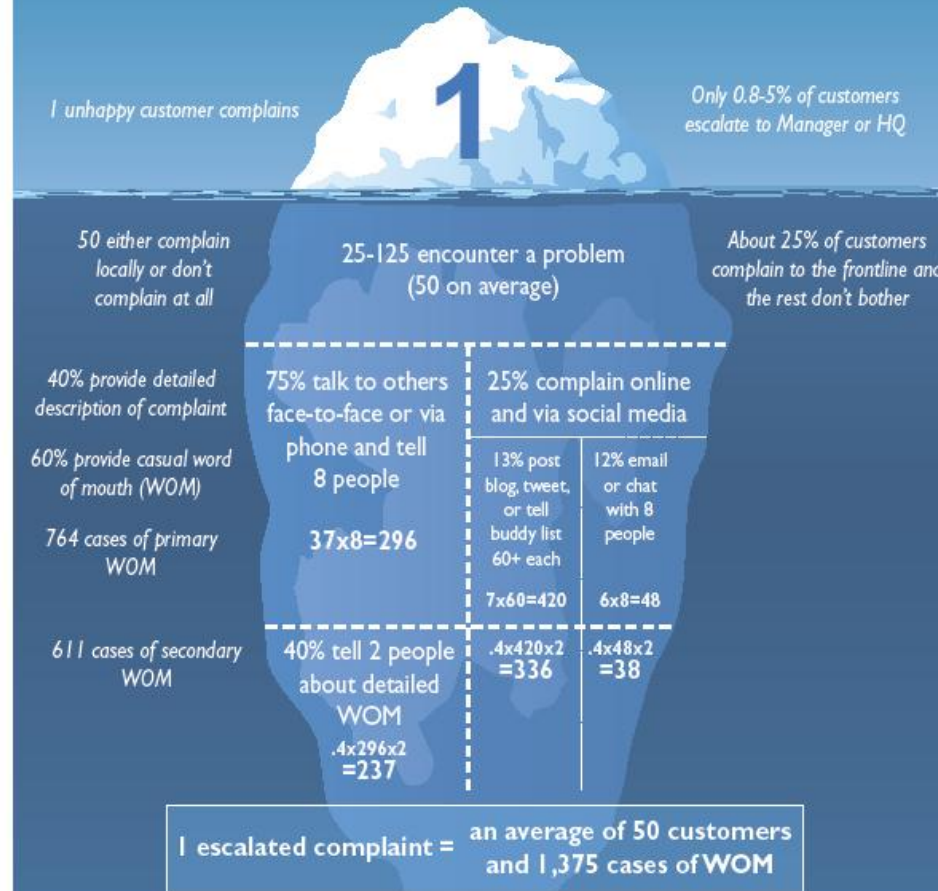- Marketing miscommunication
- Broken processes

Poorly designed products, Processes, and marketing create most unmet expectations. Further, employees are often not equipped with effective responses to problems.

*Finding based upon TARP analysis problem cause data in over 200 consumer and B2B environments.

Complaint Iceberg as Seen by Management

John Goodman, TARP Worldwide

1

I unhappy customer complains

Only 0.8-5% of customers escalate to Manager or HQ

50 either complain locally or don't complain at all

25-125 encounter a problem (50 on average)

About 25% of customers complain to the frontline and the rest don't bother

40% provide detailed description of complaint

60% provide casual word of mouth (WOM)

764 cases of primary WOM

75% talk to others face-to-face or via phone and tell 8 people

37x8=296

25% complain online and via social media

13% post blog, tweet, or tell buddy list 60+ each

7x60=420

12% email or chat with 8 people

6x8=48

611 cases of secondary WOM

40% tell 2 people about detailed WOM

.4x296x2 =237

.4x420x2 =336

.4x48x2 =38

I escalated complaint = an average of 50 customers and 1,375 cases of WOM

Note: Varies by industry +/- 200%
Source: TARP Worldwide Research 2008

Quantifying Reduced Risk Costs and Channel Damage Due to Improved Quality
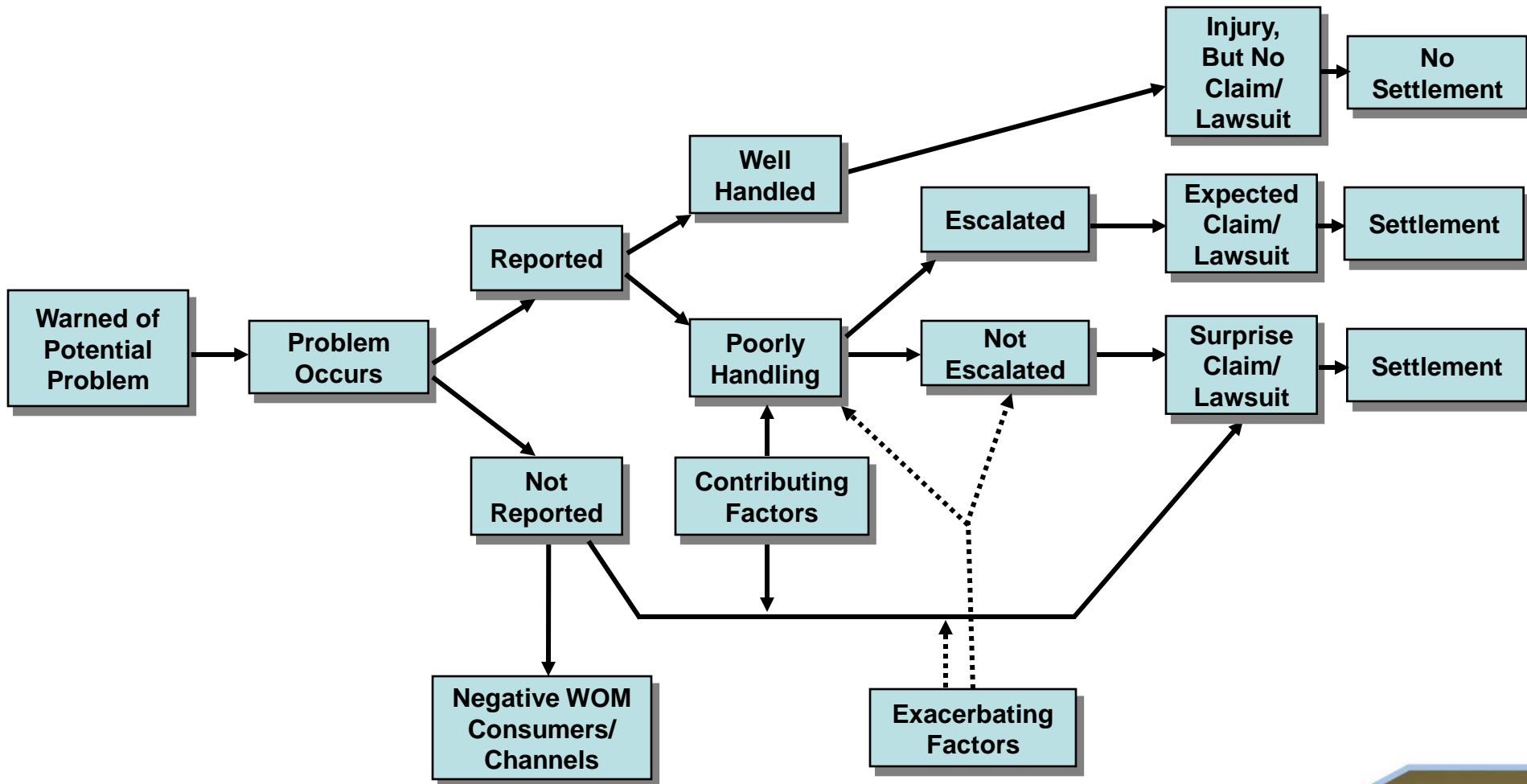
Placing Complaints And Quality Into The Broader Market Context

- Internal Quality tells you whether you produced what you intended
- Complaints suggest quality errors and issues you didn't think of or got wrong in design
- Panel data provides:
  - Comparisons which tell where you're better or worse than competitor on design, features and price
  - Context and impact of social media and general media
  - Segmentation
  - Translation of experience, intention and word of mouth into actual sales data
- Questions and suggestions point to where there are gaps and opportunities
- Value mapping predicts potential revenue impact of changes or new products
- This strategy requires a partnership of Claims, Consumer Affairs, Market Research, Quality and Marketing

Creating A Culture of Success Reduces Turnover

Great Pay is Nice But Less Frustration is Better

- Prevention via Welcome and Education
- Tools –
  - flexible solution spaces
  - believable explanations
  - supported by tools and information
- Training – ongoing training and story telling
- Motivation – celebration via victory sessions & promotability

Call Center Contribution to Market Intelligence

- Problems need to be fixed
- Suggestions
- On the fly research
- CSR input
- Rapid panels
- Specialized panels

Pitfalls

- Highlighting problems
- Not suggesting the solution
- Overcomplicating the message
- Attacking too many things
- No pilot test
- Not measuring
- Trying to take the credit
- Assuming action or follow through

Summary

- Sell your call center's value to every department
    - Retention vs. cost of new customer
    - Word of mouth
    - Cross-sell
    - Prevention
    - Margin
    - Value and connection
    - Brand
    - Liability
    - Market intelligence
- Measure all your impacts across the company
- Practice continuous experimentation accompanied by measurement

- Outlined in detail in **Strategic Customer Service** published by AMACOM
- jgoodman@tarp.com or 703-284-9253