

Satisfaction with Contact Centers Drives Customer Loyalty

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Across American industry, company contact centers have become critical channels for building customer relationships and achieving business success. While most companies intuitively grasp the importance of the contact center experience, few genuinely understand how crucial that experience is to both keeping and losing customers.

Introduction

There are approximately 50,000 company contact centers in the United States. Tens of millions of people interact with companies through these centers every year. Contact centers – also known as call centers – centralize the reception and transmission of customer telephone requests, for help and support, for problem resolution, and for goods and services. Competition is fierce, and a single bad customer experience with a company's call center can lead to customer defection.

Contact centers face multiple external and internal challenges. Externally, customers who are exasperated with poor service complain to friends and family about long waits, incompetent representatives, and frustrating interactions where their most basic issues are not resolved.

At the same time, contact centers struggle internally to be viewed by the larger organization as more than just a cost of doing business. The executives responsible for contact center operations must demonstrate the link between the center's performance and the firm's bottom line. That is, they must understand where to prioritize resources and how to predict the financial outcomes of their resource investment decisions.

In an effort to better assess the critical role of contact centers in achieving business success, the CFI Group conducted a study to develop the Contact Center Satisfaction Index (CCSI). The results of the CCSI study provide important insights into the impact of the contact center

experience – on customer retention and defection across six key industries:

- Banking
- Cable and Satellite Television
- Multi-channel Retail
- Cell Phone Service
- Insurance
- Personal Computers

The CCSI examines the most important issues facing contact center executives in each of these industries today. The study also examines contact centers in the aggregate, to determine:

- What is most important to customers during contact center interactions
- Which industries perform best and what we can learn from them
- How well contact centers perform in resolving customer issues
- The extent of a contact center's impact on the future behavior of customers
- The effect of offshore contact centers on customer satisfaction overall

The CCSI study reveals that contact centers are critical points of engagement between a company and its customers. If the call center staff are well trained, if they treat customers appropriately, and if a premium is put on call resolution, then these centers actually can serve as engines of customer loyalty and a company's return on investment.

The Contact Center Satisfaction Index demonstrates that a customer's interaction with

a call center has an enormous impact on determining whether that customer will stay or leave. The study indicates that the primary factors affecting customer satisfaction include the behavior of customer service representatives, the resolution of customer issues, and the quality of offshore services. The

CCSI study also reveals that almost 25% of all customer callers base their departure from a company solely on their experience with the company's contact center. That should be reason enough to start elevating contact centers to a higher priority company-wide.

Customer Satisfaction with Contact Centers

In our study of six key industries, the customer satisfaction scores range considerably by industry. The sixteen point range places the highest score (80) with multi-channel retail contact centers and the lowest (64) with the contact centers for personal computer companies.¹ This wide range of scores indicates that contact center operations are still evolving, and in need of both maturation and standardization when it comes to satisfying customers.

The Contact Center Satisfaction Index (CCSI) is derived using the American Customer Satisfaction Index (ACSI) analytical model and uses the same 100 point scale. The ACSI, published quarterly by the University of Michigan Ross School of Business, is a leading indicator of consumer behavior, measuring the satisfaction of American consumers across a wide spectrum of the products and services of corporations and government agencies.

Industry	Satisfaction with Contact Center*	Overall industry Satisfaction**
AGGREGATE OF SIX INDUSTRIES	71	75
Multi-Channel Retail	80	74 ⁺
Banking	77	77
Cell Phone Services	69	68
Cable & Satellite Television	68	62
Insurance	68	75 ⁺⁺
Personal Computers	64	77

* As measured by the Contact Center Customer Satisfaction Index

** As measured by the American Customer Satisfaction Index (ACSI), using the same methodology

+ Score represents ACSI points for the retail industry overall, not just for catalog retailers.

++ Includes health, property and casualty, and life insurance

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Using American Customer Satisfaction Index (ACSI) indicators, it is instructive to compare customer satisfaction with an industry's contact center to customer satisfaction with the industry in general. Industries having higher customer satisfaction overall (retail and banking) tend to have higher contact center satisfaction, while industries with lower overall satisfaction (cell phone service, cable and satellite television, and insurance) tend to have lower contact center satisfaction. The one exception is personal computers (PC), an industry with above average satisfaction overall but the lowest contact center satisfaction among all industries measured.

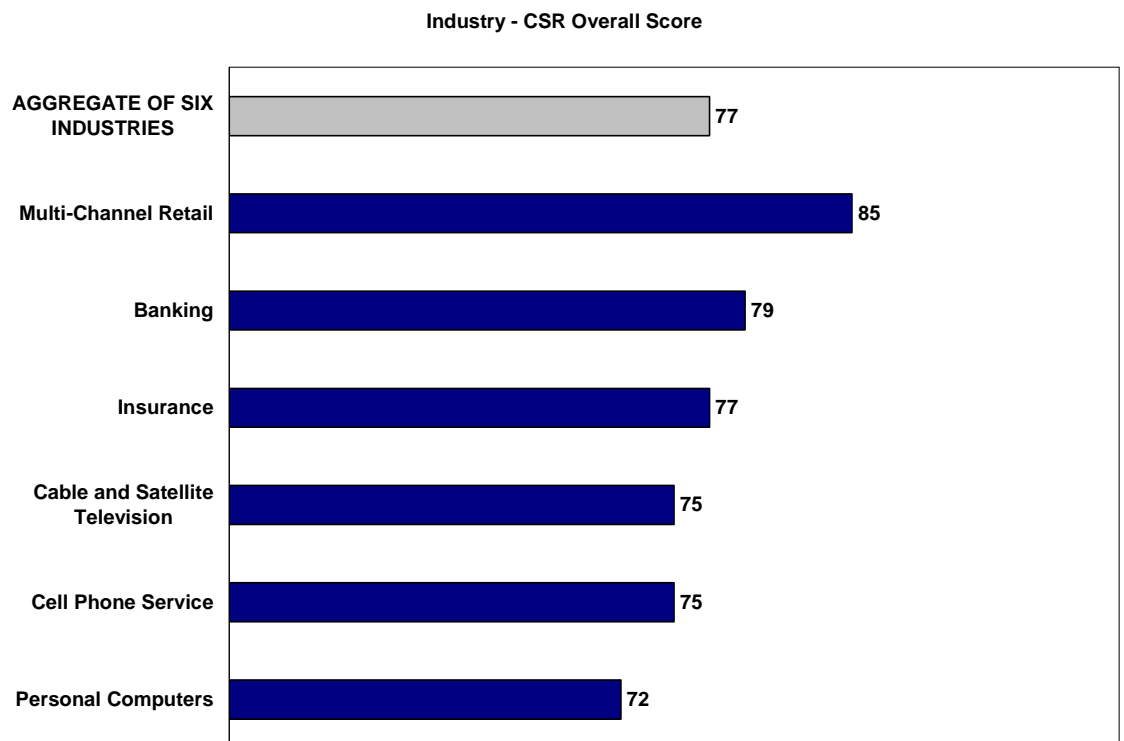
Among the various interactions covered by the CCSI study, three stand out as having the greatest impact on total customer satisfaction, and by extension on customer loyalty and the company's return on investment (ROI).

They are:

- Customer Service Representatives (CSR)
- Call Resolution
- Offshore Operations and Services

Customer Service Representatives

A customer's telephone interaction with a customer service representative (CSR) is a leading factor in calculating that customer's general satisfaction (or dissatisfaction) with the contact center experience. In the aggregate of the six industries studied, the CSRs fare only adequately. Customer service representatives in five out of the six industries scored in the 70s. Only the representatives for multi-channel retailers passed 80 (with a score of 85). The ACSI considers a score of 80 to be the threshold of a truly superior rating.

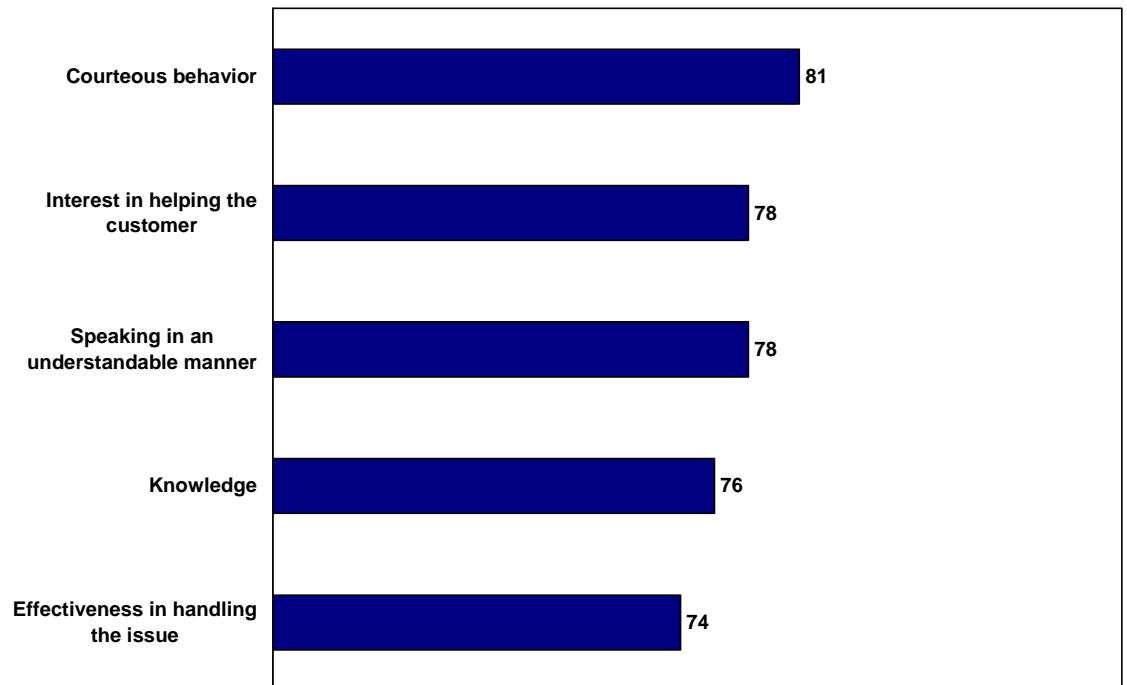


In addition to asking how customers rated service representatives in different industries, the CCSI survey also asked customers to rate representatives in several specific areas. CSRs received their highest scores for being courteous. An interest in helping the customer, as well as speaking in an understandable manner, were among the other “soft skills” given a higher rating in most of the industries. The CSRs’ “hard skills” (knowledge and problem resolution) had lower scores. This reflects the considerable effort that industries put into the hiring and training focus on soft skills.

However, the CCSI study indicates that strong performance in soft skills alone does not

guarantee high customer satisfaction with contact centers. It is a CSR’s ability to solve the problem at hand that ultimately drives customer satisfaction. Contact center executives need to take a serious look at the training and monitoring programs currently in place, if only to make sure that customer service representatives have the necessary skill sets for answering questions and solving problems. As customers increasingly migrate to the world wide web, the customer service bar is only getting higher. If the “easy” questions are answered on the web, the CSRs at the call centers are left to tackle the more difficult issues.

CSR Traits - Aggregate Score



Call Resolution

The CCSI study reveals that most customers (63%) call a contact center in search of product or service support. Yet, more than 40% call

simply to place an order or to check an order’s status, things that a website presumably could handle fairly easily.

Reason for Contacting Call Center	% of respondents*
To receive product or service support	63%
To place and order or check an order's status	42%
To complain	28%
Other	7%

* Multiple responses allowed; numbers do not total 100%.

For any customer seeking help, the most crucial factor contributing to satisfaction is whether or not the customer service representative is able to resolve the issue. Call resolution is essential to customer loyalty, retention, and positive word of mouth sharing of the experience with others. Unfortunately, 18% of the customers who are seeking help do not have their issues resolved.

The magnitude of the importance of call resolution is astounding. Customers who resolve their issues through contact centers produce satisfaction scores that are 46 points higher than those of who do not. Furthermore, those who do not resolve their issues are *eight times more likely to defect* from doing business with the company.

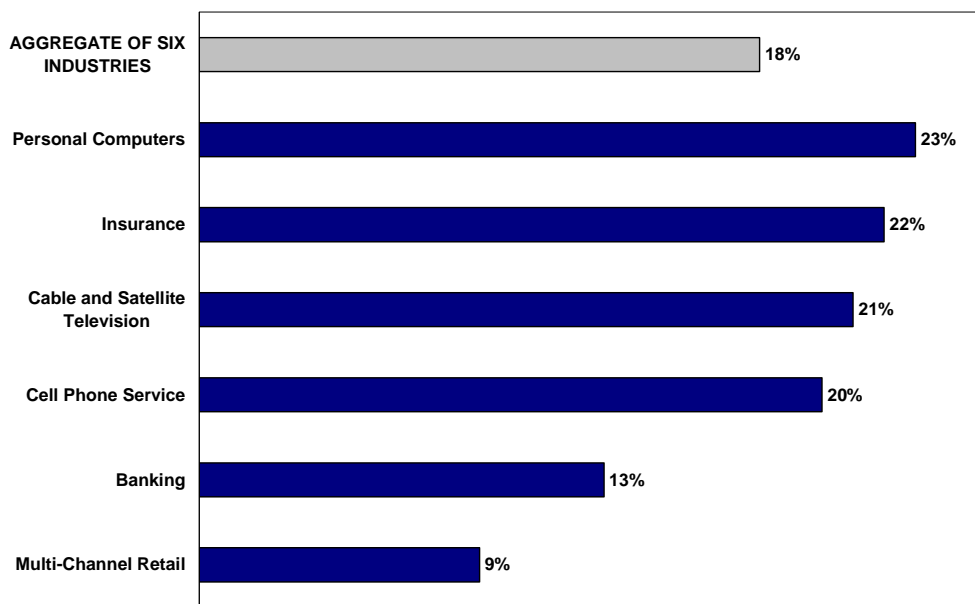
	Percent of Callers	Satisfaction Score	Likely to Defect	Likely to Recommend
Customers who resolve their issues	78%	81	5%	79%
Customers who do not resolve their issues	18%	35	43%	17%

*Among those surveyed, 4% responded "do not know."

The results of the CCSI study also indicate that some industries do a far better job than others at resolving customer issues. Banks and multi-

channel retail companies, in particular, have the lowest percentage of contact center customers with unresolved issues.

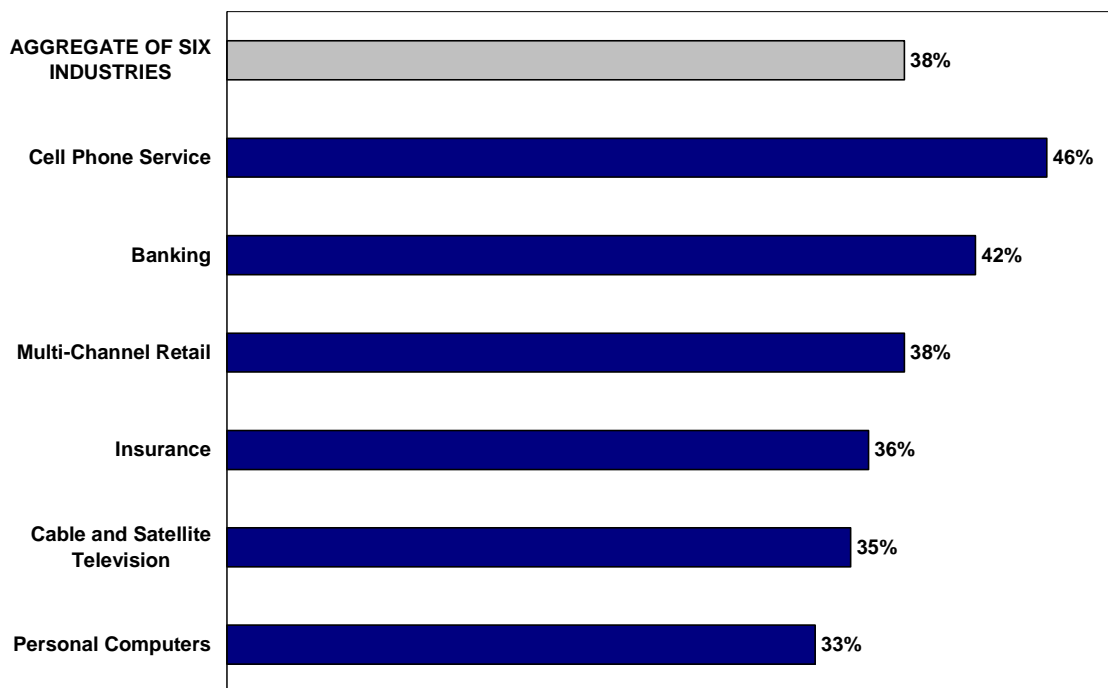
Industry - % of Callers Whose Issues Are Not Resolved



The Multi-Channel Customer Service Environment. On average, about two-fifths of the CCSI respondents said they first tried to reach the company through means other than a contact center. Of the callers who tried another means, more than four-fifths first opted to visit the company's website. When a company's website failed to meet customer needs, customers were forced to try yet another

channel to resolve their issues. If customers could get the information or resolution they need via a company's website, both the customers and the company would benefit. The CCSI study did reveal that, in the multi-channel customer service environment, there are variations in channel access among the six measured industries.

Industry - % of Callers Who Try Another Channel First



Not every issue can be addressed via the web. One of the clear takeaways from this research is that improving the quality of online channels has the potential to redirect hundreds of thousands of unnecessary calls away from the contact center. Contact centers can help with issues that cannot be easily resolved on the web. In addition, contact centers should serve as continuous feedback loops to the web operation. There can and should be processes

in place to make enhancements to the website – enhancements that are based on what the customer service representatives hear in the contact center.

Positive and Negative Word of Mouth. In the era of Web 2.0, with customers broadcasting complaints or compliments to millions with a click of a mouse, the impressions formed by interaction with a contact center are more crucial than ever.

The vast majority of customers who are satisfied with their contact center experience will remain with the company. The majority of those who are not satisfied will defect, and they may take with them their friends and family simply by verbally sharing the bad experience. Most certainly, dissatisfied customers will not recommend the company's products or services. In fact, the common wisdom that

customers are more likely to share a bad experience than a good one seems to apply dramatically to the contact center experience.

The CCSI survey questions were geared to achieving a better understanding of both past and future customer behaviors. With regard to past behaviors, customers were asked if they shared their contact center experience with others.

	Satisfied with Contact Center*	Dissatisfied with Contact Center**
AGGREGATE OF SIX INDUSTRIES	53%	20%
% who will continue doing business with the company	94%	32%
% who have shared their experience with others	46%	76%
% who will recommend the company	90%	9%

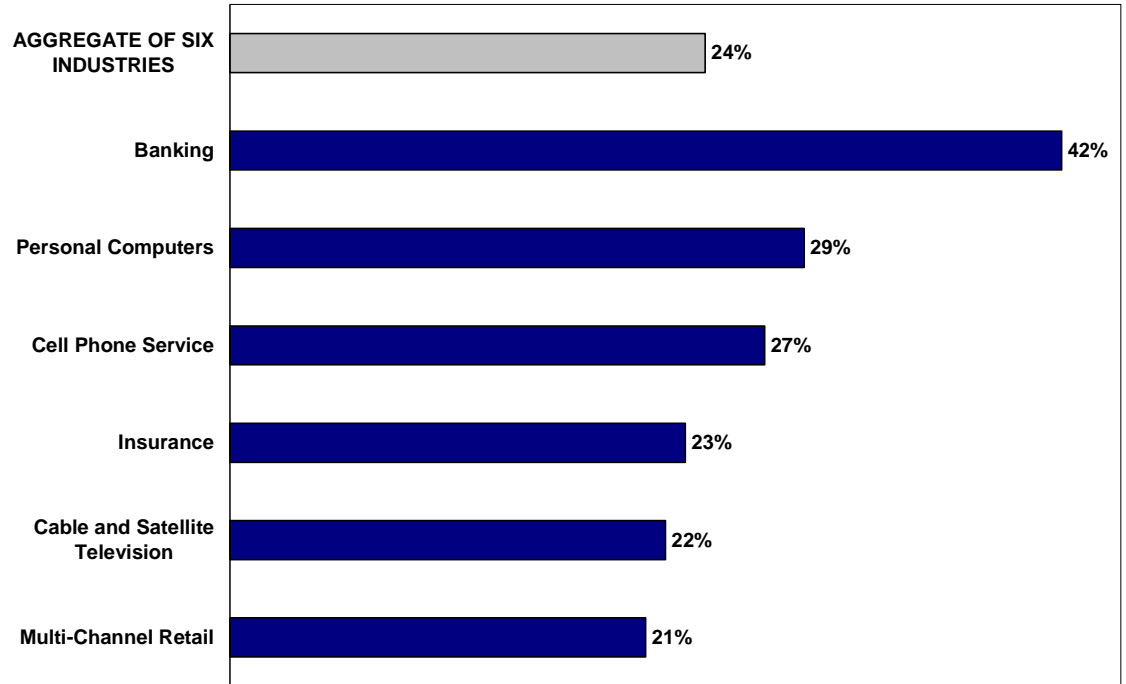
*ratings of 9 or 10 on a 10 point scale

**ratings of 5 or less on a 10 point scale

The results of the survey indicate that 76% of those customers having a negative experience shared that experience with others. Only 46% of those with a positive experience shared it with others. This is worth repeating – three-quarters of the customers who have a bad contact center experience tell others about it. They are not just dissatisfied; they are angry enough to tell their friends and families. Word of mouth is extremely powerful. Negative word of mouth is something no company can afford.

Across all contact center callers, one out of eight (12%) will no longer do business with a company based on their negative contact center experience. Another 12% are at risk of defection because they are undecided about doing future business with the company. Across all industries, a 24% potential customer defection is significant as a result of contact center experience. Even in the best performing industry, one-fifth of the callers are at risk as a result of their experience with the contact center.

Industry - % Potential Customer Defection

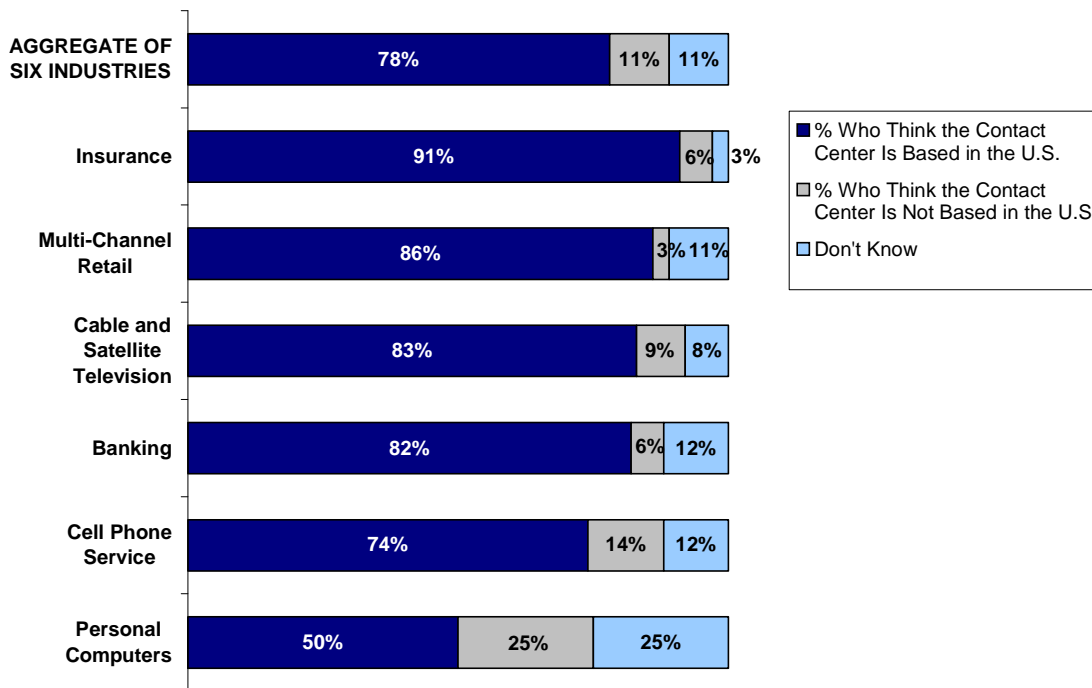


Offshore Operations and Services

Given the importance of the customer service representative, whether or not to offshore contact center operations is one of the biggest issues facing contact center executives today. While there are substantial cost savings to moving contact center operations abroad, there are also serious concerns that customers will be turned off by the perceived loss of American jobs and the perceived lower level of offshore services.

For the most part, callers still think they are being served by a contact center located in the United States. This is true not only in the aggregate but for most of the six individual industries as well. The exception is the personal computers industry. Half of the PC customers either believe the contact center is offshore or they do not know where it is. It is no coincidence that the PC industry has the lowest customer representative score *and* the lowest customer satisfaction score among the six measured industries.

Industry - % Who Think the Contact Center is Based in the U.S.



When asked whether a contact center's location drives the likelihood of doing business in the future, customer opinion was divided. Forty-eight percent of the respondents said that knowing a contact center was in another country affected the likelihood of their doing business with that company. Forty-three percent said that such knowledge did not have any impact. The remaining respondents were undecided. These results were consistent among the six industries, with customers in any given industry being fairly evenly divided about whether or not offshore services were a crucial issue.

However, when other considerations are taken into account, executives are correct in their concern about the effects of moving contact center operations offshore. In the CCSI survey customers who believed the contact center was outside the United States rated their overall

satisfaction with their experience 26 points *lower* than those who assumed the contact center was inside the United States. Those who thought the contact center was offshore also rated the performance of the customer service representatives significantly lower, recommended the company to others less often, and were almost twice as likely to sever their business relations with the company.

Interestingly, it is not the offshore location *per se* that is driving negative perceptions of offshore services. The CCSI study indicates that poor quality service from offshore contact centers is driving those perceptions and producing the lower scores. Location is of almost equal consequence. The difference between 50% and 45% is not statistically significant based on the question's sample size.

CSR Traits	Think Call Center IS Based in the US	Think Call Center is NOT Based in the US	Difference
CSR Overall	81	58	-23
Courteousness	83	71	-12
Speaking in an understandable manner	83	49	-34
Knowledge	80	56	-24
Interest in helping you	81	61	-20
Effectiveness in handling your issue	78	52	-26
Customer Satisfaction	75	49	-26
% Whose issue was resolved	81%	66%	-15%
% Who will continue to do business	81%	47%	-34%
% Who say location of call center affects their likelihood to do business	50%	45%	-5%

How do we explain these results? While certainly there are language barriers, as demonstrated by the large difference in scores for “speaking in an understandable manner,” the bigger issue is that CSRs who are difficult to understand are also less adept at solving customer problems. When customer service representatives are perceived to speak clearly, they also resolve customer issues 88% of the time. When CSRs are difficult to understand, they resolve customer issues only 45% of the time.

Moreover, while language skills are clearly important, there are also gaps in knowledge and effectiveness. An in-depth understanding of

products and services is as important as language skills – perhaps even more so. To some extent the two go hand-in-hand. Customer service representatives need both language *and* product skills to be able to effectively solve customer problems.

Firms that have significant offshore contact centers must be particularly vigilant about whether or not those centers are meeting customer needs. It is not enough to have the centers monitor themselves. In addition to the operational metrics already in use, the firms need an independent measure that captures the voice of the customer.

Summary and Conclusions

A company contact center is part of a larger customer interaction universe that includes internet (web) access, electronic and surface mail, interactive voice, and in person (both telephone and face-to-face) contact. A customer’s experience with a company contact center is an integral part of that customer’s total

experience with the organization. A customer’s satisfaction with his or her contact center experience is crucial to securing customer loyalty, to promoting positive recommendations, and to netting a return on the company’s investment.

Even more than the demeanor and skills of customer service representatives, call resolution and offshore services have the strongest impact on customer satisfaction with the contact center experience. Across the industries measured, almost one fifth of all callers came away from their contact center interaction without having their issue resolved. Among those customers, 68% are likely to defect from doing business with the company. This is a substantial defection potential based solely on the call center experience. The economic cost of such defection also is substantial, given the high cost of customer acquisition.

Offshore contact center interactions also contribute to reduced customer satisfaction because offshore customer service representatives are less adept at solving customer problems. Customer service representatives located outside the United States receive a lower communication skills rating, and when communication skills are poor, most customer issues remain unsolved.

Many companies treat contact centers as cost centers rather than as opportunities to solidify the customer relationship, increase customer loyalty, and retain customer business. Smart executives understand the value of improving contact center operations. Observing the efficacy of the adage “you manage what you measure,” they put the right measures in place to ensure quality performance and customer satisfaction. Any company that fails to invest resources in contact center operations to assure delivery of satisfaction rather than frustration is taking an enormous risk with one of its most important assets: the satisfied customer.

About the CCSI Research

The CFI Group conducted the Contact Center Satisfaction Index research through online surveys of over 900 participants. Qualified respondents had called a contact center within the previous month and had interacted with a customer service representative. The respondents evaluated their most recent contact center experience through their answers to twenty questions.

The CFI Group used the University of Michigan’s American Customer Satisfaction Index methodology (the “gold standard” in customer satisfaction measurement) to evaluate customer satisfaction and to determine the key drivers of satisfaction with contact centers. The methodology also quantifies the link between satisfaction and key future customer behaviors. The ACSI has a statistically proven connection with positive word of mouth, customer loyalty and retention, share-of-wallet, and other desirable behaviors.

About CFI Group

CFI Group (www.cfigroup.com) provides its measurement solutions worldwide, through 12 offices on four continents. Launched in 1988 by University of Michigan professor Claes Fornell, CFI Group is headquartered in Ann Arbor, Michigan. It uses rigorous measurement science to diagnose its clients' customer relationships, resulting in exacting advice on actions that strengthen these relationships and improve clients' overall financial performance. The CFI Group methodology is used as the basis for calculating the American Customer Satisfaction Index (ACSI) via the Ross School of Business at the University of Michigan. CFI Group clients include AT&T, Best Buy, British Telecom, Domino's Pizza, U.S. Federal Government, UPS, Yahoo! and other leading companies around the world.

About the ACSI

The American Customer Satisfaction Index (www.theACSI.org) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from about 200 companies in 43 industries and from government agencies over the previous four quarters. The Index is produced by the University of Michigan's Ross School of Business in partnership with the American Society for Quality and CFI Group.

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