



The Three Golden Rules of Customer Service

Introducing a framework for improving satisfaction and preventing unnecessary interactions

An Ovum White Paper

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INTRODUCTION

Every business wants to be known for excellent service. But the costs of executing on top-notch service are high enough that it is essential to put that effort to work towards tangible results. You need to get something back from your customers besides kudos (preferably loyalty and revenue) and you need to build internal structures for turning good service into a tangible, measurable asset. Ovum believes that enterprises should focus on three “golden rules” for service delivery that will help them balance the equation between cost-control and revenue generation. Focusing on these goals – shorthand as “Resolve, Prevent, and Engage” – provides a firm foundation for maximally profitable connections with customers.

Following the path of the golden rules allows companies to find an effective balance between serving the genuine needs of customers and the need to reduce unnecessary interactions.

WHAT ARE THE GOLDEN RULES?

It is not uncommon to find some variation of one or more of the goals expressed in many companies' marketing or mission statements. Professing to raise service beyond previous standards is a familiar trope in today's competitive consumer environment. The key challenge, of course, is in the execution. Ovum believes that enterprises should turn their customer-facing resources into a coordinated effort to head off and prevent contacts that haven't happened yet.

Therefore, we recommend a three-pronged approach:

1. Resolve each problem on the first call (or contact).

2. Prevent the next call.
3. Reach out periodically to engage the customer in dialogue.

Figure 1: Three-pronged framework for a better service experience



Source: Ovum

By way of analogy, consider a person's relationship with her doctor. At the highest level, both parties are trying to ensure an overall, lifelong state of health with a minimum of intervention and cost. A doctor and patient interact primarily when things go wrong. A patient can contact the doctor for advice on a prescription; a doctor may reach out when it is time for a checkup or test.

What works about the doctor/patient relationship is that both sides have a solid set of expectations, and the context for connections between the two parties are already primed for what, in a service context, would count as "excellence."



The doctor is expected to identify and “solve” the problem on the first contact. Solve doesn’t mean cure, but it there is a clear expectation that the doctor will provide some insight or remedial action that clarifies the situation in the mind of the patient.

The doctor is also assumed to have some responsibility for the ongoing preventive maintenance of the patient’s health – the doctor owns the relationship. From a business perspective, it is in the doctor’s interest to keep the patient healthy through advice and intervention. Where people have independent relationships with highly trained service professionals (doctors, dentists, car mechanics, accountants), those connections are successful to the extent that those professionals follow those three golden rules. Replicating the intimacy and effectiveness of these close relationships is something every enterprise should strive for.

ANALYTICS IS CRITICAL TO SUCCESS

This service framework requires a business to have a solid analytic infrastructure in place. Contact centers can leverage an increasing variety of analytics applications that connect pieces of a customer’s interaction experience, rolling functional silos into a meaningful whole. These include speech analytics, interaction analytics, performance-measurement tools and analytics systems for contact channels other than voice, notably those delving into text (chats, emails and SMS messages), social media and the web. Interdepartmental silos that affect service should also be included in the analytic structure, including data from external systems like billing and CRM, and from interaction touchpoints that bypass the contact center (retail, branches, and peer forums).

Analytics enables the business to cross-reference what it knows about the customer while the customer is still engaged, in the hope of guiding the interaction flow for a better, more efficient experience. Perfecting the Resolve-Prevent-Engage cycle forces a business to listen more carefully to signals coming from individual customers and the base as a whole. Analytics is the most effective way to extract meaning from the many information streams generated by and about customers.

Enterprises should strive to create an environment in which the first priority is to resolve the customer’s issue (especially if he has used multiple contact channels to engage), and then to provide the customer with the information necessary to better self-serve for further interactions.

RULE #1: RESOLVE ON THE FIRST CONTACT

The first rule is rooted in good sense: less friction and quicker resolution lead to increased customer loyalty and reduced service operations costs. First-contact resolution (FCR) is a measure of whether a customer’s query about a particular issue was answered at the customer’s first point of contact with



the enterprise, regardless of the channel. Contact centers should use this metric to create a simpler support network for customers by optimizing information across channels.

The challenge is that contact centers may not be able to pinpoint a customer's first communication regarding a specific issue. Even tracking callbacks does not necessarily determine whether the call was related to the same issue. Also, not all communications can be resolved within a particular channel. For example, say a customer has bought a new mobile phone at a retail outlet and needs assistance setting up its advanced features after bringing it home. His likely point of entry for this problem is through the contact center, even though it is not his "first contact" – that came at the retailer (or perhaps even at the website when he first explored his options).

To achieve successful quick resolution, the company needs to be able to identify these multiple contacts as all part of the same engagement. The company should have the capability to recognize the persistence of a single customer across those separate touchpoints, and recognize that an issue that stems from a retail experience is still "owned" by the contact center at a further point down the line.

In many (if not most) cases, the customer is not going to be able to differentiate between contact modes – it is all one "problem" or interaction from his point of view. So it is incumbent on the company to have tools to categorize each interaction across channels to gain a better idea of whether multiple queries are related to a single issue. It is critical that an organization be able to integrate data about the current state of the interaction with transaction data that comes from systems external to the contact center (like survey information, billing or CRM data).

As the customer proceeds through a more complicated journey – asking more complex questions through a greater variety of interaction platforms – the burden on the company rises. To support the new customer journey requires knowing more than who the customer is and what he wants. Now the business needs to understand where he has already been (to the web, peer forums, etc.) and where he is likely to go next in the event of both successful and unsuccessful resolutions. So contact centers need to use cross-channel analytics and feedback data to connect these new aspects of customer behavior, and optimize channels with the most relevant information.

RULE #2: PREVENT THE NEXT INTERACTION

Cost-control is the original driving imperative behind contact center operations. Cost-consciousness does not have to compromise good service, however. Resolving a customer's problem produces a reactive kind of customer satisfaction that keeps the relationship on a somewhat adversarial plane. It focuses on a kind of zero-sum transaction in which the company has to expend resources for the customer to climb out from a state of dissatisfaction.



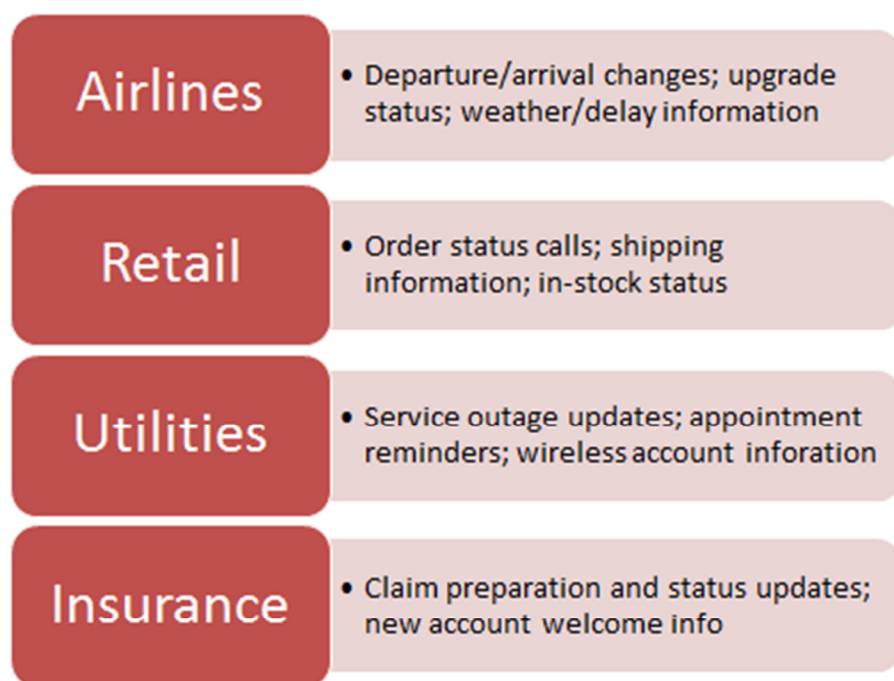
Preventing a customer's problem from arising in the first place is harder. It requires a greater degree of knowledge about the customer's context and intentions. It presumes a higher degree of collaboration between company and customer. And it requires a company to invest resources in alternative information and self-help channels. But the payoff is in a deeper kind of satisfaction and loyalty that contributes to higher recommendation rates and greater revenue over the long term.

Next Call Prevention (NCP) is a process that uses contextual situational knowledge to seamlessly pivot from one interaction to another. For example, if analytics tells you that a large number of calls on one issue are followed within a few days by calls about a separate issue, then the agent should be coached to ask about (and resolve) that other issue preemptively. The agent can also suggest or introduce the caller to online self-service options.

The key to successful prevention is *prediction* – analyzing the available data to understand what customers will want before they know that they want it. Relevant outbound notifications, for example, can tell a customer of a utility company that there is a service outage, and give guidance to the timing of restoration. Or companies can be even more proactive, using analytics to find patterns in the behavior of individual customers to know that when they are using certain tools (web self-service, for example), there is an increased likelihood that they will need agent assistance. The company can then head off the likely inbound call with an offer of a web chat session.

Funneling customers into less-expensive agent channels like web chat or email is a proven strategy for preventing calls. Another is to encourage customers to use self-service and social tools to resolve their own issues. The wisest course is to build a strategy that includes both. Prevention and engagement are two sides of the same coin – raising customer awareness of tools that are available for self-service allows them to better manage their own time.

Figure 2 shows some of the types of interactions that can be short-circuited by either pre-emptively providing information to customers, or by using analytics to discover how they relate to more complex issues that generate inbound calls.

Figure 2: Types of interactions that can be streamlined and prevented

Source: Ovum

RULE #3: PROACTIVELY ENGAGE GOING FORWARD

When your service efforts focus on prevention, enterprises need to create opportunities for communication that are relevant to the customer's circumstances but that also serve to remind them that the business is taking care of their needs behind the scenes.

Proactive engagement includes typical marketing outreach (emails about offers, for example), but should also include contextually relevant messages across a variety of contact channels that bear directly on the status and well-being of the customer. This can mean text alerts or automated voice calls to bring important changes to the customer's attention.

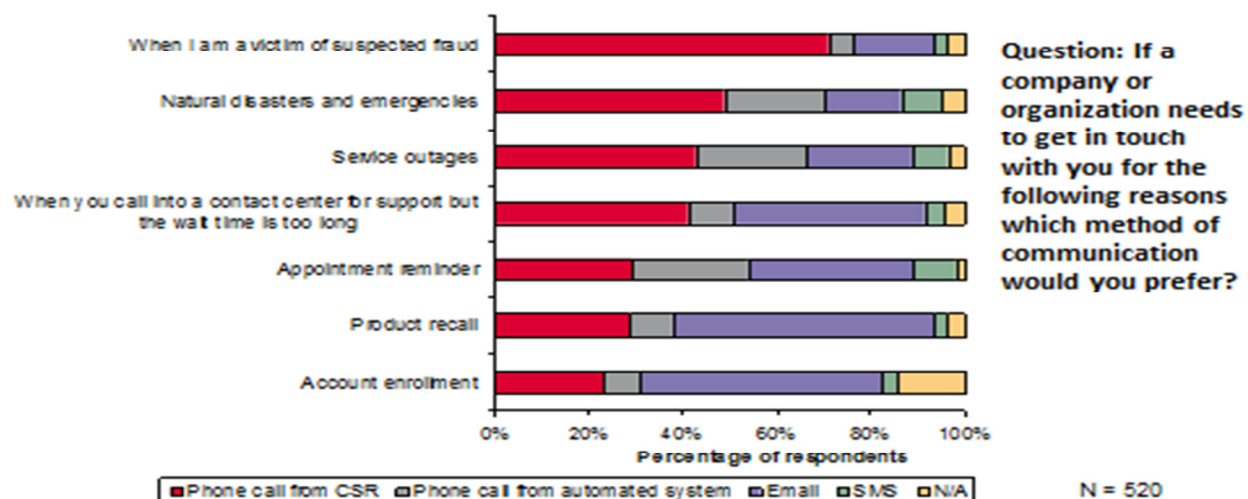
Engaging with customers in this way requires careful attention to two issues:

- The relevance of communications sent to the customer
- And attention to the customer's preferences for the channel and timing of contacts.

There are different kinds of triggers that can create the opportunity for reaching out to a customer to enhance the relationship. For example, a condition or threshold that a customer has expressed interest in may have changed (a product comes back into stock, or an account is overdrawn). Or some outside condition may be affecting the customer without his being aware of it (weather creating flight delays, for example).

Figure 3 illustrates the results of an Ovum survey in which customers report under what conditions they would welcome direct contact from a business. Information about emergency issues (like outages) are generally welcome by phone. For less urgent issues, email and SMS are more acceptable.

Figure 3: When do customers want to be contacted by companies?



Source: Ovum



Obviously relevance is a moving target that changes with each customer, highlighting the importance of having a level-setting conversation explaining what kinds of communications are available, and under what circumstances. Customers are already used to having to opt in or out of phone or email communications – asking them directly “do you want to be notified in case something occurs” is a courtesy that opens the door to a balanced relationship that emphasizes customer convenience. But it also helps the business point the customer towards contact mechanisms (and self-service options) that save money and reduce frictional moments. Two-way engagement is mutually beneficial on both sides of the relationship. Customers get access to information that they can act on without them having to go in search of it. On the business’ side, the value is quantifiable in cost-control terms. Engagement (especially in conjunction with Prevention) is a form of call deflection that allows a business to shape the flow of inbound traffic, keeping it away from agents and encouraging customers to use automated response systems to contain transactions in self-service. If calls do require an escalation, then the contact center has a better idea of when those calls will come in, and can staff accordingly. These are major cost-control benefits.

THE BOTTOM LINE

There is no magic to building good service practices. It is a data- and labor-intensive process. What makes a company stand out among its peers is the degree to which its customer relationships are either reactive and ad hoc, or collaborative and proactively designed. Hewing to the framework of first contact resolution, call prevention and proactive engagement is a formula that distinguishes leaders from the rest of the pack.



APPENDIX

Author

Keith Dawson, Principal Analyst, Customer Experience & Interaction

keith.dawson@ovum.com

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