ONE CONTACT RESOLUTION

Contact Channels
Research and Best Practices

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Chapter 1 – About Contact Channels

**When the mission is to deliver world class customer service
on any contact channel selected by the customer,
one contact resolution is a must.**

Today's connected customers expect to resolve their inquiry or problem on the first contact regardless of what contact channel they choose to use. In fact, SQM research shows the vast majority of customers expect that any contact channel they choose should be able to resolve their inquiry or problem. Most clients tell SQM that their organization views the contact center as a strategic asset, and one of the contact center's primary objectives is to retain customers. It has been SQM's experience that customer retention happens when contact centers are effective at resolving inquiries or problems, and not by trying to delight or wow customers. Given that at least 20% of customers who contact an organization use two or more contact channels (e.g., call center, web self-service, IVR self-service, and email) to resolve the same inquiry or problem because of a channel failure, it is no wonder that resolving the inquiry effortlessly is what customers truly want. For the vast majority of customers, resolving an inquiry or problem effortlessly means resolving on their selected channel with only one contact. Most contact centers say they are trying to improve the customer experience using a specific contact channel, or multiple contact channels, to resolve an inquiry or problem. However, only a few have succeeded at improving the customer experience for resolving inquiries or problems. In fact, less than 5% of SQM clients are able to improve first contact resolution (FCR) by 5% or more from the previous year.

For many years, contact centers have been providing their customers with the traditional core contact channels of call center, IVR, email, and website. In the last few years, many contact centers have also been providing their customers with emerging contact channels and practices, such as SMS text message, web chat,

mobile, and offering an omni-channel seamless customer experience. Yet only 5% of the 500 contact centers that SQM benchmarks on an annual basis are able to deliver the world class FCR metric standard of 80% or higher for customers who use a contact center to resolve an inquiry or problem. Interestingly, it has been SQM's experience that many organizations rarely, or never, measure self-service or emerging contact channels from a Voice of the Customer (VoC) perspective. In other words, the customer is not the center of the organization's universe in terms of measuring customer experience for specific contact channels and then using the customer's feedback to improve FCR. As a result, organizations have shown little, or no, FCR and customer satisfaction (Csat) improvement for customers using self-service or emerging contact channels for resolving an inquiry or problem. Figure 1 is an illustration of contact channels used by today's connected customers.

Figure 1: Contact channels used by today's connected customers

This book is based on SQM conducting over 7.5 million surveys with customers who used a contact channel, interviewing 250 senior executives on their contact channel operating practices, and benchmarking over 500 contact centers on their VoC performance. This data was gathered and analyzed to provide best practices for

retaining customers and improving customer experiences when using one, or multiple, contact channels to resolve an inquiry or problem.

Many organizations believe that wowing the customer is the key to driving customer satisfaction and retaining customers. However, SQM's research shows that by simply resolving a customer's issue, 95% of customers stated that the contact channel they used met their expectations. To meet a customer's expectations, the contact channel simply needs to resolve the customer's inquiry or problem; the contact channel does not need to wow the customer. 91% of customers who stated that the contact channel met their expectations also stated that they would continue to do business with the organization. Of the customers who stated that the contact channel exceeded their expectations, 97% also stated that they would continue to do business with the organization. There is little difference for driving customer retention between meeting and exceeding customer expectations. Therefore, trying to wow a customer is not worth the extra effort, given the delta is small for the impact on loyalty between those customers whose expectations were met compared to those customers whose expectations were exceeded. SQM has concluded that customers experiencing FCR using a contact channel drives customer retention rates, while wowing the customer buys only incremental customer retention rates. Therefore, contact centers should focus on retaining customers by improving the customer's experience when using a contact channel for resolving an inquiry or problem on the first contact. A best practice for improving customer experience when using a contact channel is to provide FCR on the contact channel the customer chooses to use to resolve their inquiry or problem.

SQM research shows that when a customer resolves their inquiry or problem on the first contact and uses only one contact channel, only 1% of those customers expressed their intent to defect. When it took repeat contacts to resolve their inquiry or problem, 5% of those customers expressed their intent to defect. However, what is

more alarming, when their inquiries or problems were unresolved, 23% of those customers expressed their intent to defect. Again, for a contact center to be effective at retaining customers, the customer's inquiry or problem must be resolved, and preferably on the first contact. The key finding is that when a customer's issue is unresolved, they are more than 20 times more likely to defect than a customer whose issue is resolved on the first contact.

In addition, most contact centers do not measure the customer experience for understanding the effectiveness of their people, process, and technology improvement initiatives. The major reason given for not measuring the effect of contact center business practices on FCR and Csat is because there are so many new practices taking place at the same time. For example, if a contact center implemented a new quality assurance (QA) program, and subsequently FCR improved, this would suggest that the new QA program is having a positive impact on FCR. However, if the new QA program is launched simultaneously with a new customer service representative (CSR) recognition program, the question would be which new business practice had a positive impact on FCR, or was it both business practices? Other reasons why contact centers do not conduct effectiveness testing from a customer perspective are that they assume the new practice will have a positive impact, have personal bias, do not know how to test for customer experience effectiveness, or are just in a hurry to implement a practice that they feel will work. FCR and Csat are useful for measuring the effectiveness that a new business practice has on customer experience when using a contact channel. As well, the absence of evidence for FCR and Csat improvement can limit support from executive leadership.

Customers want more than just their choice of contact channels for resolving an inquiry or problem. Customers want consistent and personalized service; they want to feel important, want to be rewarded for their loyalty and, most of all, have the

ability to resolve their inquiry or problem efficiently with any contact channel they choose to use. The improvement of FCR for all core contact channels represents the biggest opportunity that contact centers have towards making a significant contribution to improving the organization's customer service, operating costs, revenue, and profit.

Figure 2 shows the business practices that are most important to customers when using a contact channel to resolve an inquiry or problem. However, it is important to state that all of these business practices can be important for providing a world class customer experience when using a contact channel.

Figure 2: Business practices most important to customers using a contact channel
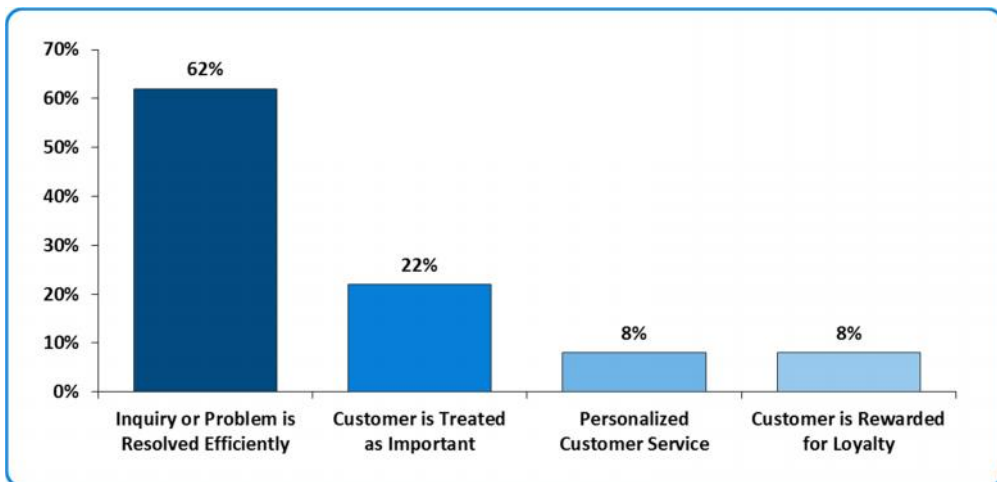
The four business practices that are most important to customers are as follows:

First, resolving an inquiry or problem efficiently is the most important customer experience area for all contact channels. There are many metrics that organizations use for measuring customer experience using a contact channel, such as Csat, sentiment scores, Net Promoter Score®, ease of effort, and QA. These are all worthy metrics to use; however, what customers really want the most is to resolve their

inquiry or problem efficiently and that means resolving in one contact using only one channel.

Second, the next most important customer experience area is treating the customer as important to the organization. This can range from something as simple as a CSR telling the customer they appreciate the customer's business or the CSR going the extra mile to resolve the customer's inquiry or problem.

Third, customers appreciate being rewarded for their loyalty to the organization. In addition, customers like to be advised through an outbound contact channel (e.g., email or SMS) on what their loyalty to the organization has earned them, such as points, frequent flyer miles, or cash rewards.

Fourth, providing personalized customer service can include areas such as offering needs-based products and services in real time, extending special offers or coupons, or when customers pay their bill online and subsequently call the organization to confirm payment, the IVR automatically thanking them for their bill payment and their business.

It is no secret that an increasing number of customers are choosing self-service contact channels rather than the traditional call center for resolving their inquiry or problem. Self-service contact channels (e.g., website, IVR, and mobile) have, or will have in the near future, the highest usage of customer contacts for resolving an inquiry or problem. Gartner predicts that by 2020 the customer will manage 85% of their relationship with the organization without interacting with a human.[1] Most customers want to use self-service contact channels because, in many cases, it is just easier.

Below are examples of reasons why customers prefer self-service contact channels:

The ability to complete their interaction without having to rely on a CSR

No need to wait for a CSR to pick up the phone

There are no language barriers

The ability to interact with the organization anytime and anywhere

There are no CSR attitude issues

Customers' expectations to resolve any inquiry or problem using any contact channel is a huge challenge for organizations to meet. In fact, in the vast majority of cases, customers expect to be able to resolve their inquiry or problem in one contact regardless of the contact channel they choose to use. Figure 3 shows that 93% of customers using the call center channel and 72% of customers using the website channel expect to be able to resolve their inquiry or problem in one contact. Most organizations use internal measurement practices to measure customer channel containment for resolving an inquiry or problem when using a specific contact channel. While using internal measurements does provide good insights for customer contact channel containment, internal measures cannot determine whether the customer expected to be able to resolve their inquiry or problem for any given contact channel.

Figure 3: Customer expectation to resolve inquiry or problem in one contact
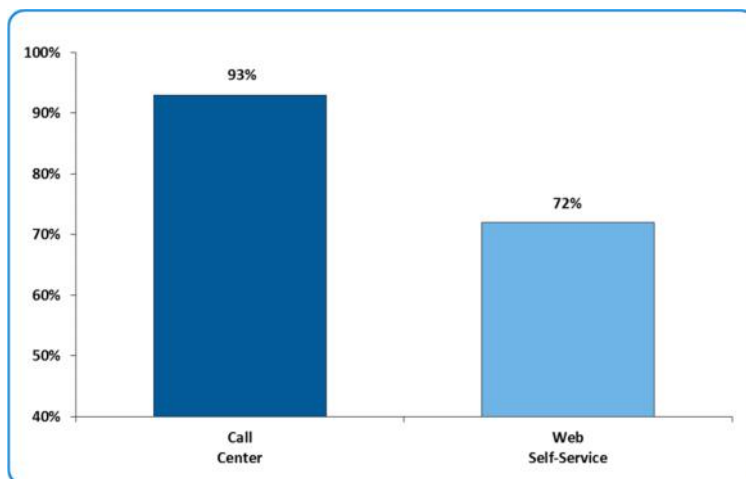
Organizations that consistently resolve customers' inquiries or problems on the first contact with the channel the customer chooses are effective at providing customer right-channeling. **Customer right-channeling is making sure customers use the appropriate contact channel to resolve their inquiry or problem.** In other words, low-complexity calls are handled in self-service channels and high-complexity calls are handled in the call center channel. With the emergence of low cost self-service channels and the desire of organizations to have their customers use those channels, it is important not to force customers into those contact channels (e.g., long wait times to reach a CSR, burying the IVR option to transfer to a CSR). However, there are cases when it is appropriate for the CSR to suggest to customers to use a specific contact channel to resolve their inquiry or problem. For example, suggest the web self-service channel to the customer when the issue is a simple inquiry about an account balance, or suggest the call center channel when the problem is about a complex billing issue.

The vast majority of customers do not want to use two or more contact channels to resolve the same inquiry, regardless if their experience is seamless. In fact, SQM's research shows that 77% of customers who used two or more contact channels to resolve the same inquiry or problem, did so because of a channel failure. However, when customers have to use two or more contact channels to resolve the same inquiry or problem, they do want a seamless experience. In other words, the customer did not have to start their interaction over from the beginning. As an example, a customer starts by using the website and then decides to call the call center, where the customer finds the CSR already knows what they did on the website. In this instance, the customer does not have to start over when speaking with the CSR. As a result, although the customer used two channels, the two contacts did not feel like separate interactions. **When an inquiry or problem is resolved in a seamless manner, it is called an omni-channel customer experience.**

Of the people who used the call center, 20% have used two or more channels to resolve the same inquiry or problem. Interestingly, of the customers who used two or more contact channels, only one out of four customers expected to use multiple contact channels to resolve the same inquiry or problem. For example, a customer went to the web self-service channel to do some research about a product but did not order because they did not have the time to complete it online. Therefore, the customer chose to finish the ordering of the product using the call center. For this customer, using two contact channels was just part of the process for the customer to resolve their inquiry or problem. The customer expected they would use two contact channels so there was no impact to the overall customer experience when using multiple channels.

Generation X's (born 1965 to 1979) and Generation Y's (born 1980 to 1996) use of self-service channels are higher than the Baby Boomers' (born 1946 to 1964) and the Silent Generation's (born before 1946). Generations X and Y either have the highest, or will have the highest, contact volume for self-service contact channels for most industries. If an organization is not yet providing effective self-service or omni-channel customer service, it should start making improvements now or be prepared for customer defections given that Generations X and Y represent a growing proportion of the customer base.

Unfortunately, too many organizations fail to understand the customer's satisfaction with their entire experience using multiple contact channels to resolve the same inquiry or problem. The chances of improving customer experience using multiple channels are highly unlikely when the organization does not measure the Csat experience based on the VoC. It has been SQM's experience that organizations tend to rate the service they provide to customers using their contact channels as substantially higher than how customers would rate the service when resolving an inquiry or problem.

Figure 4 shows the percentage of customers who used multiple contact channels to resolve the same inquiry or problem. **The data reveals that, on average, across all contact channels, 20% of customers used multiple contact channels to resolve the same inquiry or problem.** In order to determine the percentage of customers who had used multiple contact channels to resolve the same inquiry or problem, SQM factored in channel volume and the contact channel failure rates resulting in the customer using another channel.

Figure 4: Percentage of multiple contact channel usage for resolving the same inquiry
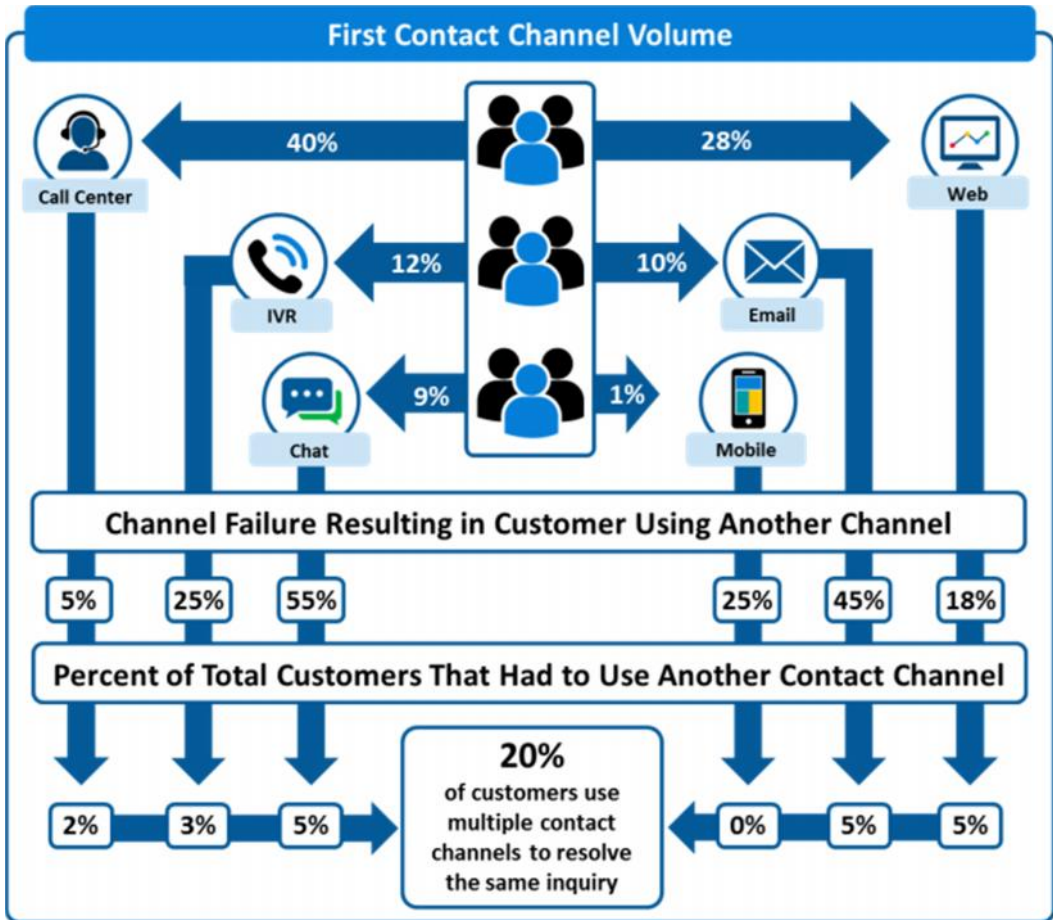
Call center and web self-service channels had the highest contact volumes and the mobile self-service channel had the lowest contact volume. The call center channel had the lowest contact channel failure rate, which resulted in only 2% of customers having to use another contact channel to resolve their inquiry or problem. When the call center channel fails to resolve an inquiry or problem, most customers prefer to continue using the call center channel to resolve their issue. Because customers who used the call center channel do not tend to revert to other channels once they start their interaction with the call center, the call center is viewed as the 'last line of defense' or an 'escalation center' contact channel. The chat and email contact channels had the highest percentages of customers who used another contact channel to resolve the same inquiry or problem after starting an interaction in each of these channels. Even though the web and IVR self-service contact channels have low percentages of customers who used another contact channel to resolve their inquiry, these channels should be the contact channels that management focuses on for improving FCR due to the high contact volume and call deflection opportunity.

Interestingly, 65% of contact center senior executives and managers believe that their customers use, on average, two or more contact channels to resolve the same inquiry or problem. Clearly, there is a discrepancy between the way managers and customers view contact channel experience for resolving the same inquiry or problem. It is SQM's opinion that there are several reasons for the discrepancy between the two views.

Most organizations do not measure or do not have the capability to determine how many contact channels customers used to resolve the same inquiry or problem. In other words, the 65% of senior managers believing their customers use on average two or more channels to resolve is, in many cases, an estimate due to the lack of data. SQM feels the 20% reported for customers using two or more channels is an accurate portrayal of multiple contact channel usage by customers for resolving the same inquiry or problem as it is the customer's perception of their channel usage.

While a customer may have used two or more contact channels when resolving their inquiry or problem, if they did not expect the first channel to resolve their inquiry or problem, then the customer may not count that channel as being used. Meanwhile, the organization would consider this customer as having used two or more contact channels.

Organizations tend to be much tougher graders than customers are when determining multiple contact channel usage. For instance, when customers are asked whether they had a seamless experience using multiple contact channels, 43% of customers said they did. However, many of the organizations would say that they do not offer an omni-channel customer experience – even though customers said they had a seamless experience. It has been SQM's experience that organizations do not understand their customers' experiences when using multiple contact channels to resolve the same inquiry or problem because they do not survey their customers about those experiences. Therefore, senior managers are using their own interpretation of multi-channel usage and do not know their customers' perspective.

The most likely reason there are different viewpoints about multiple channel usage is that contact center senior managers may be counting IVR usage where the customer navigated to a CSR, website usage where the customer looked up the phone number to the call center, or website usage where the customer emailed the organization as distinct contact channel usage for resolving the same inquiry or problem. Counting these types of usage as distinct would artificially inflate the percentages of multiple contact channel usage for resolving the same inquiry or problem. SQM's definition of customer contact channel usage to resolve an inquiry or problem is that the customer expects to be able to resolve their inquiry or problem using the contact channel. In most cases, using the IVR and web self-service contact channels to navigate to the contact center is not considered by customers as a contact channel failure when attempting to resolve their inquiry or problem.

Regardless of the discrepancy between the organization's viewpoint and the customer's viewpoint on multiple channel usage, the real issue still stands that 20% of customers need to use two or more channels to resolve the same inquiry or problem, causing lower Csat and increased operating costs.

One Contact Resolution

Given so many customers are using multiple contact channels to resolve the same inquiry or problem and the huge impact a customer's contact channel experience has on customer satisfaction and retention, organizations must invest in measuring the customer's experience when using a contact channel or multiple contact channels to resolve an inquiry or problem. Delivering a world class customer experience for contact channel usage is critical to an organization's success and therefore, SQM announces a new metric to measure this experience – One Contact Resolution.

Introducing the One Contact Resolution (OCR) Metric Definition:

> **OCR** *is based on customers resolving their inquiry or problem on the first contact and not using another contact channel prior to, or after, using the initial contact channel*

Very simply put, OCR is the metric that measures the use of one contact and one channel to resolve an inquiry or problem.

The benefits of delivering OCR, from a customer's point of view, are the following:

> Their inquiry or problem is resolved effortlessly; after all, what customers really want is to resolve their inquiry or problem as effortlessly as possible
>
> Higher satisfaction for channel experience because they only had to use one contact and one channel to resolve their inquiry or problem

The benefits of delivering OCR, from an organization's point of view, are the following:

> Channel containment, such that the channel is effective at resolving an inquiry or problem, and therefore other channels are not necessary. OCR provides insights into channel containment from a customer perspective unlike internal measurements. For example, only the customer can tell the organization if they expected the channel to resolve their inquiry or problem. In essence, the OCR metric is a channel containment measure
>
> OCR provides insights into the areas of the organization that require improvement
>
> High OCR performance increases Csat, customer retention, and referrals

As previously stated, 20% of customers who used a call center did so because the self-service contact channel they used failed to meet their expectation of resolving their inquiry or problem. Therefore, **OCR is the new metric that matters the most for improving customer experience in the new multi-channel world.** Most contact centers are unaware of how many customers try to resolve their inquiry or problem using other contact channels prior to, or after, contacting the contact center. In addition, most contact centers are not aware of the negative impact that the use of two or more contact channels to resolve the same inquiry or problem has on Csat and retention. Given that so many customers are using multiple contact channels to resolve the same inquiry and problem, contact centers should measure both FCR and OCR metrics.

Figure 5 shows the difference between FCR and OCR performances when a call center was one of the contact channels used. The data reveals that OCR is 11% lower than FCR. The reason for this difference is that **FCR** is based on customers resolving their inquiry on the first call and considers only the usage with the call center contact channel. Put differently, FCR does not take into consideration whether or not other contact channels were used. Conversely, **OCR** factors in the customer being able to resolve their inquiry on the first call and not having to use another contact channel prior to, or after, calling the call center.

Figure 5: Call center FCR and OCR metrics difference
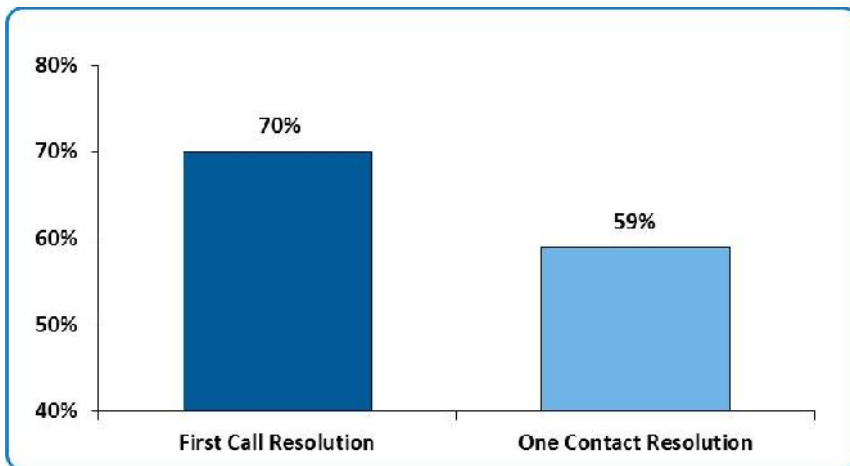
> **FCR** *is based on customers resolving their inquiry on the first call and only considers the usage with the call center contact channel.*
>
> **OCR** *is based on customers resolving their inquiry on the first call and not using another contact channel prior to, or after, calling the call center.*