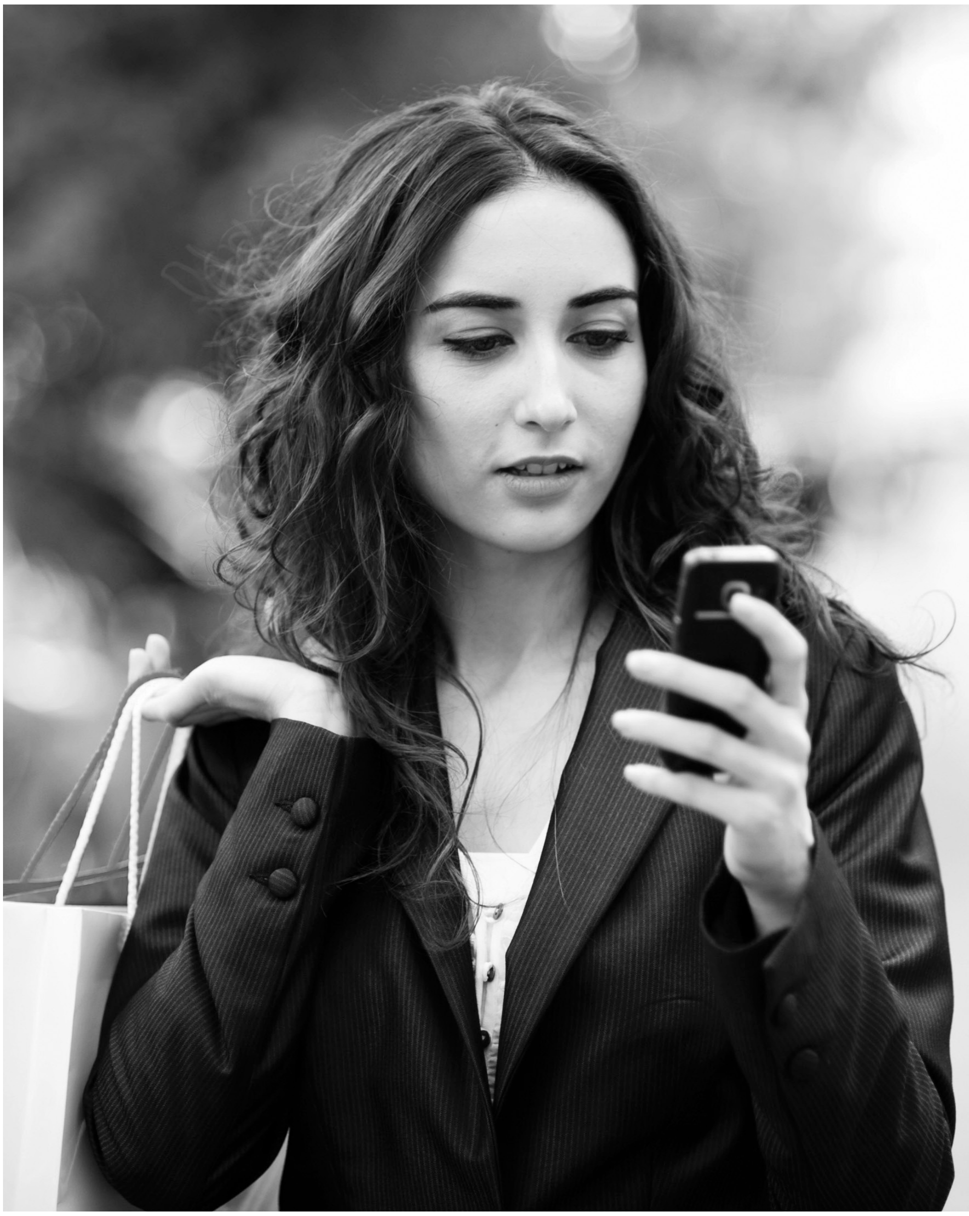

Customer Effort: Help or hype?

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Executive summary

Effort is not new but its application to drive customer loyalty is.

Customer effort research has been around since the 1940s but it wasn't until the 2010 article 'Stop Trying to Delight Your Customers' in Harvard Business Review (HBR) [1] that the debate on effort began to gain some momentum. In particular, the HBR paper raised interest in how customer effort (CE) and, in particular, customer effort scores (CES) could be used as an indicator of customer loyalty.

Effort is worth the effort – it's a key measure for loyalty, voice of the customer and actionable insight but is a stronger driver on negative experiences than the positive.

The HBR article claimed that 94% of the customers who reported low effort expressed an intention to repurchase and 88% said they would increase their spending [1]. Conversely, 81% of customers who had a hard time solving their problems reported an intention to spread negative word of mouth.

This article has generated considerable debate and the purpose of this paper is to establish how measurement of effort is being used by early adopting companies.

It was a drive to see how CE could be used to increase loyalty that motivated all the companies interviewed for this report. An attractive feature of CE over other established measures such as customer satisfaction (CSat) or net promoter score (NPS) is that it is not prescriptive but it does provide actionable insight.

One of the strengths of CES is that it can be used throughout the customer experience journey to identify actions that need to be taken to make it easier for customers – from the overall experience to specifics like the website, contact centre and IVR.

'Easy' does it – rather than 'effort'.

Companies found that while CES is understandable to both customers and employees, more accurate results were achieved by phrasing the question as 'how easy was it' rather than 'how much effort was needed'.

There are differences in emphasis between B2B and B2C companies – with B2C focused on service performance and B2B more on broader, continuous process improvement.

For B2C (business to consumer) companies, implementation was focused on improving customer services whereas B2B (business to business) companies had a broader view of making their company easy to do business with. In both B2C and B2B companies, it was felt that using the term 'easy' was a lot more intuitive and understandable than 'effort', and an approach based on these questions was a good way to capture the voice of the customer.

B2B companies added effort questions to their existing customer service questionnaires. As business surveys are less frequent and based on smaller samples than B2C, B2B companies also introduced complaint tracking in order to support their aim to be easy to do business with.

It's not a choice of CSat or NPS or CES, they all measure different things so the best answer is 'measure all of them'.

There was also a view that the question is not whether CES is better or worse than CSat or NPS as they measure different things. The answer was felt to be to 'measure all of them' and then be smart about interpreting the results!

A significant advantage of the CES approach is the ability to produce actionable data that can be used to help design customer experiences. Companies use NPS to provide a comparison of their company against others but they saw CES as an approach to drive improvements in services to customers. The B2C companies felt that the effort questions gave them a clear focus on their shortcomings. The B2B companies introduced effort questions as a key part of continuous improvement initiatives, starting in customer services before spreading through the company's functions.

Effort and loyalty are correlated: it isn't just hype!

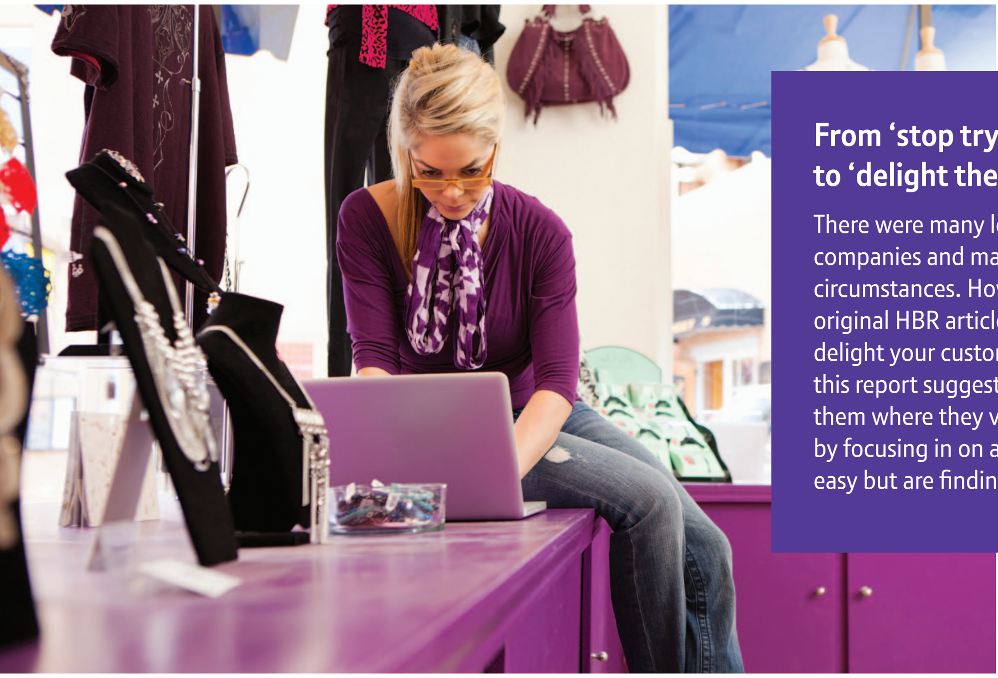
The B2C companies had data analysis to prove that the CES is a strong indicator of loyalty, particularly where there are high-effort experiences.

To quote BT, who have pioneered a customer "net easy score" in their organisation: 'The rate of customer loss for the "easy" scores was found to be significantly less than for the others and showed a 40% reduction in their propensity to churn.' Company C2 had similar findings: 'It makes more sense to invest in the lower end of recommendation scores, minimising the "no" and "unlikely" responses, rather than moving customers from "probably" to "definitely".'

In the B2B companies, effort questions added to annual surveys identified 'trapped' customers, i.e. those who indicated they would remain customers but were at risk if another supplier was available. These customers had previously been assumed to be loyal but the CES provided another view that they were unhappy and prepared to defect.

By looking at the findings of the B2C companies, it can be seen that the benefits from increasing loyalty by improving poor CE scores can be significant. None of the companies had to produce a financial case to justify investing in CE but it would not be difficult to measure how changes in CES reduce churn and then relate that to customer lifetime values.

In the B2B companies it was more difficult to assess churn and attribute changes to the CES but the companies believed that the benefits from their 'easy to do business with' programmes were significant and had specific examples where customer defections were prevented.



From 'stop trying to delight your customers' to 'delight them where they value it'.

There were many lessons learned by the early adopting companies and many of these are specific to the company's circumstances. However, it was clear that the assertion in the original HBR article that companies should 'stop trying to delight your customers' [1] is partially true. The findings in this report suggest that it should be modified to 'delight them where they value it'. The highest returns can be found by focusing in on areas where customers expect things to be easy but are finding them hard.

References

[1] Dixon, M, Freeman, K & Toman, N (2010) STOP trying to delight your customers. *Harvard Business Review*, 88 (7/8), 116–22