

ONE CONTACT RESOLUTION



Customer Experience
Research and Best Practices

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—2nd—
Edition

Chapter 1 – About Contact Channels

***When the mission is to deliver a world class customer experience
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, 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 over 250 senior executives on their contact channel operating practices or enterprise wide customer experience strategies, 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.**

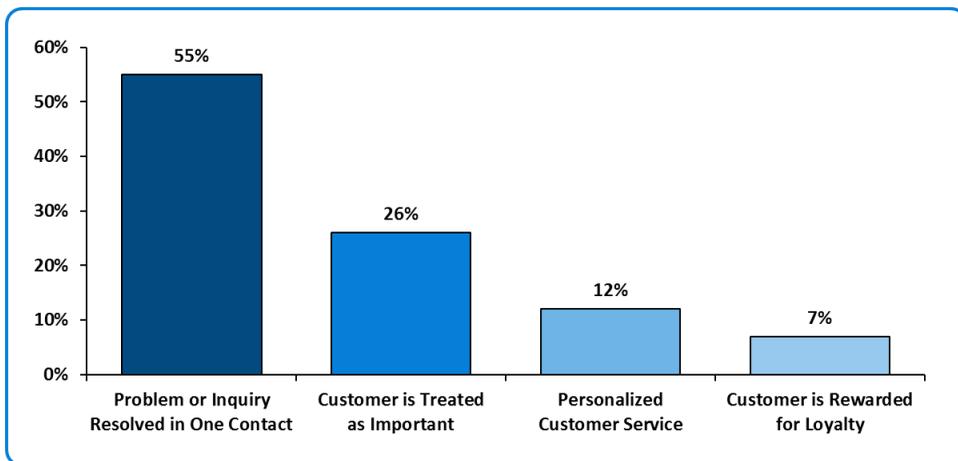
In addition, most contact centers do not measure the customer experience for understanding the effectiveness of their people, process, and technology improvement initiatives. The major reason given for not measuring the effect of contact center business practices on FCR and Csat is because there are 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 what is most important to customers when interacting with an organization. However, it is important to state that all these business practices can be important for providing a world class customer experience when using a contact channel.

Figure 2: What is most important to customers when interacting with an organization



The four business practices that are most important to customers are as follows:

First, resolving an inquiry or problem in one contact is the most important business practice that customers want to experience when using a contact channel. There are many metrics that organizations use for measuring a customer's experience when using a contact channel, such as Csat, sentiment scores, Net Promoter Score®

(NPS®), ease of effort, and QA. These are all worthy metrics to use; however, given that most customers want to resolve their inquiry or problem in one contact using only one channel, one contact resolution must be measured.

Second, treating the customer as being 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, providing personalized customer experience 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, having the IVR automatically thank them for their bill payment and their business. As organizations provide more personalized service, they need to be aware that the vast majority of customers are concerned with data security and privacy, so care must be taken when delivering personalized service.

Fourth, showing customers appreciation by rewarding them for their loyalty to the organization. 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.

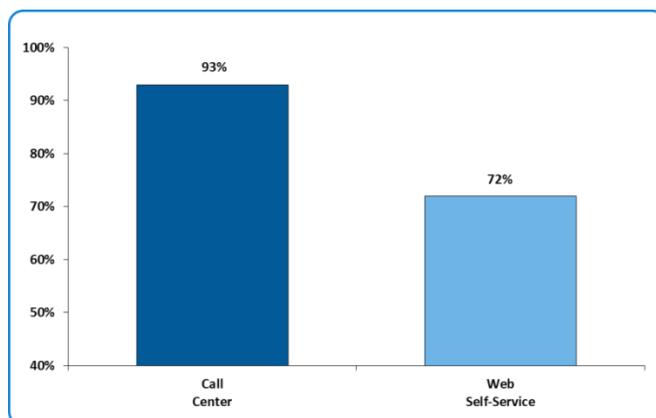
It is no secret that an increasing number of customers are choosing self-service contact channels rather than the traditional call center for resolving their inquiry or problem. Self-service contact channels (e.g., website, IVR, and mobile) have, or will have in the near future, the highest usage of 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 and the customer is very satisfied, 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.

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 using only one contact channel*

OCR considers usage across all contact channels and all contacts made. In other words, OCR is not having to use another contact channel prior to, during, or after using their primary contact 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 on the first contact using only one contact channel
- 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:

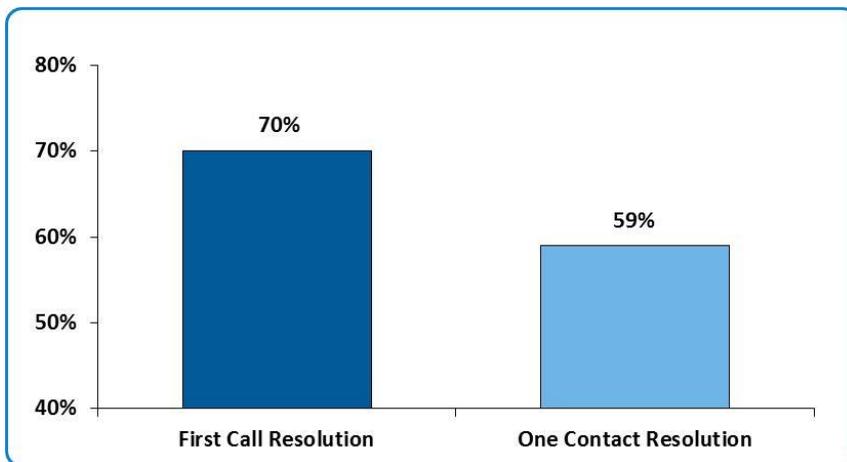
- Channel containment, such that the channel is effective at resolving an inquiry or problem, and therefore other channels are not necessary. OCR provides insights into channel containment from a customer perspective unlike internal measurements. For example, only the customer can tell the organization 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 4 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 a customer resolving their inquiry or problem on the first call and considers only the usage with the call center channel. Put differently, FCR does not take into consideration whether or not other contact channels were used. Conversely, **OCR** is based on customers resolving their inquiry or problem on the first contact using only one contact channel. In other words, OCR is not having to use another contact channel prior to, during, or after calling the call center.

Figure 4: Call center FCR and OCR metrics difference



FCR is based on customers resolving their inquiry or problem on the first call and considers call center usage only and the numbers of calls made.

OCR is based on customers resolving their inquiry or problem on the first contact using only one contact channel and considers usage across all contact channels and all contacts made.

OCR is a tougher metric to achieve than FCR because the calculation of OCR factors in whether or not other channels were used. For the average call center, an alarming 41% of customers are not able to resolve their inquiry or problem on the first contact, with many of those customers using a self-service channel prior to calling the call center. Given that only 59% of customers have an OCR experience, it should be viewed as a huge wake-up call for the contact center industry to start measuring the customer's entire experience (i.e., all contact channels used) when trying to resolve the same inquiry or problem.

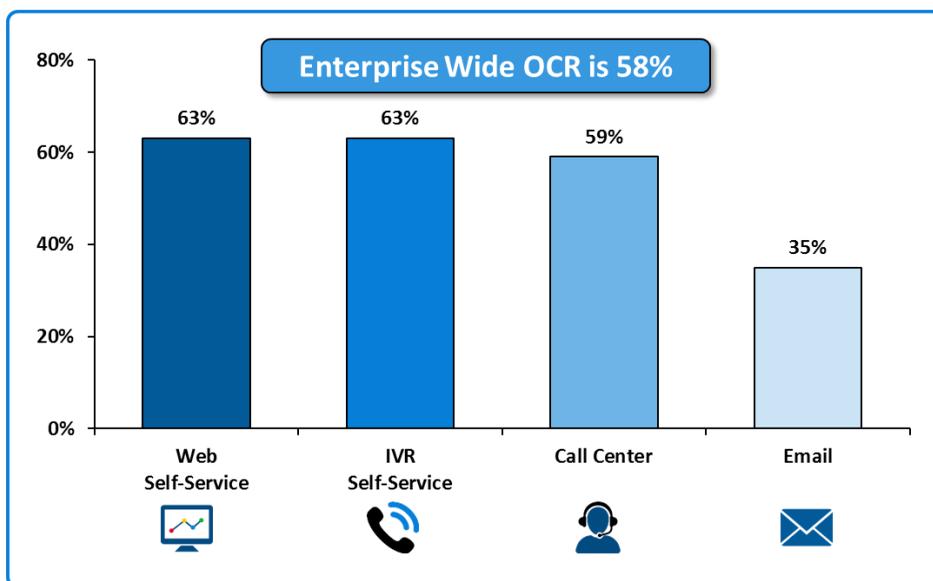
SQM truly believes that of all the contact center metrics, FCR and OCR are the metrics that matter the most, which is the reason why SQM focuses on both FCR and OCR. These metrics drive world class customer satisfaction and retention. The world class standard is 80% for FCR and 75% for OCR. The FCR and OCR world class standards are based on the top 5% performing contact centers. FCR should not be confused with the OCR metric. Once again, call center FCR is based on customers resolving their inquiry on the first call and considers only the usage with the call center contact channel; FCR *does not factor in* whether or not other contact channels were used. On the other hand, OCR is based on customers resolving their inquiry on the first call, and *does factor in* whether or not other contact channels were used. In short, the distinction between FCR and OCR is that FCR considers only the usage in an individual contact channel and OCR factors in the usage of multiple contact channels for resolving an inquiry or problem.

Most contact center managers tend to struggle with defining and measuring FCR and OCR. The most common reason for this struggle is that contact centers do not have a clear definition for FCR or OCR. Also, they do not have an effective way of properly measuring these two metrics from the organization's or customer's point of view. Internal FCR and OCR measurement methods, such as QA and FCR callback technology, may be used and can be good practices. However, these methods are

not a best practice for defining and measuring FCR and OCR because they are not VoC FCR or OCR measurements. Internal FCR and OCR measurements can overinflate performance by 10% to 20% for the average contact center because they do not factor in customers who do not call back or customers who use another contact channel. In addition, OCR is more difficult to measure because it requires an understanding of whether or not the customer used more than one contact channel to resolve their inquiry or problem, and their expectation for resolving their inquiry or problem using a specific contact channel. The best way to determine a customer's expectation for resolving their inquiry or problem using a specific contact channel is to conduct surveys that ask them about their expectation. Internal measurement cannot determine customer expectations to resolve their inquiry or problem using a specific contact channel. Internal FCR and OCR measurement methods should be viewed as supplements to VoC FCR and OCR measurement methods. In addition, many organizations do not know how to define and measure FCR and OCR from a VoC point of view. The best practice for defining and calculating FCR and OCR is to let the customer be the judge of whether or not their inquiry or problem was resolved, and how many contacts and channels were required. **VoC FCR and OCR measurements are based on using post-contact customer survey methods such as phone, IVR, email, and website.** With that in mind, the following are VoC FCR and OCR definitions and measurement calculations:

Figure 5 shows the OCR comparison by contact channel. The average enterprise wide OCR for all core contact channels is 58%, which means 42% of customers did not get their inquiry or problem resolved on the first contact. Again, **when the mission is to deliver world class customer service on any contact channel selected by the customer, OCR is a must!** For both web and IVR self-service channels, 37% of customers did not get their inquiry or problem resolved on the first contact. Many of those customers will contact the organization again by phoning the call center to resolve their initial inquiry or problem. The call center has 41% of customers who did not have an OCR experience with many of those customers using a self-service channel prior to calling the call center. The email channel has, by far, the lowest OCR with 65% of customers needing to contact the organization again to resolve their issue. **When an inquiry or problem is not resolved on the email, IVR, or web self-service channels, many of those customers will phone the call center to resolve their issue.** The call center channel is the last line of defense for resolving an issue and, most importantly, retaining customers.

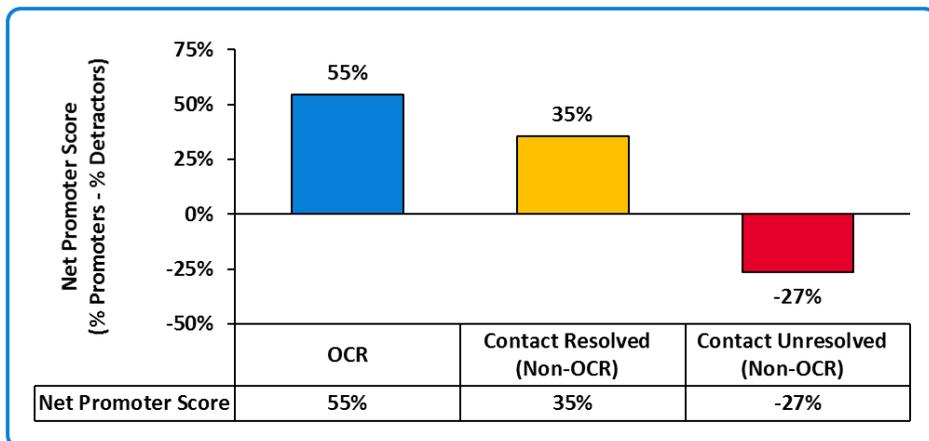
Figure 5: OCR comparison by contact channel





Increase Company Referrals – Many organizations use a Net Promoter Score® (NPS®) to measure customer recommendations, which is based on asking customers the question, “How likely are you to recommend XYZ Company to a friend or colleague?” The customers rate how likely they are to recommend the organization using a scale of 0 to 10. Their responses are categorized into three groups: Promoters (those who answered 9 and 10), Passives (those who answered 7 and 8), and Detractors (those who answered 0 to 6). The organization’s NPS is then calculated as the percentage of Promoters minus the percentage of Detractors. Many customers judge the organization and their willingness to recommend them based on their experience using a contact channel or multiple contact channels to resolve their inquiry or problem. Figure 6 shows the impact that an OCR and non-OCR customer experience has on NPS. **The data reveals that when customers experience OCR using a contact channel, the NPS is 55%. When an inquiry was a non-OCR contact resolution (e.g., took 2 or more contacts to resolve), the NPS drops to 35%. Most alarming is the -27% NPS when an inquiry or problem goes unresolved. Clearly, OCR is a driver for improving NPS.**

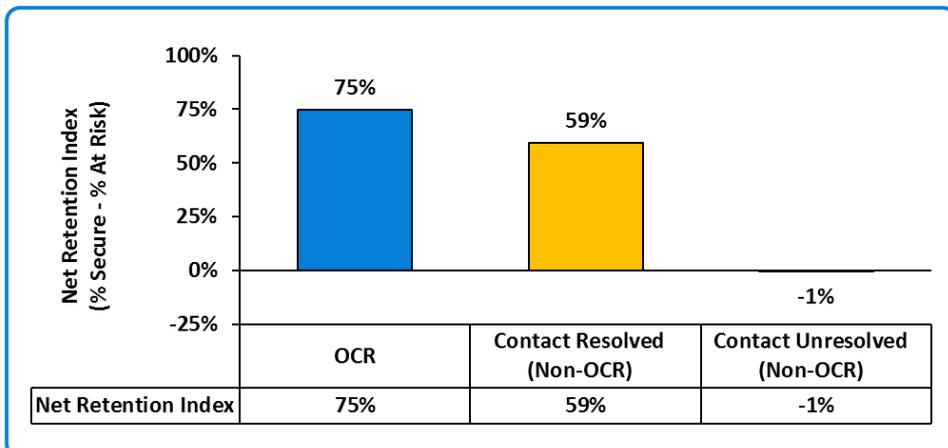
Figure 6: OCR impact on Net Promoter Score





Increase Customer Retention – The Net Retention Index (NRI) measures customer retention, which is based on asking customers the question, “How likely are you to continue to do business with XYZ Company?” The customers rate how likely they are to continue to do business with the organization using a scale of 0 to 10. Their responses are categorized into three groups: Secure (those who answered 9 and 10), Favorable (those who answered 7 and 8), and At Risk (those who answered 0 to 6). The organization’s NRI is then calculated as the percentage of Secure minus the percentage of At Risk. Customers’ willingness to continue to do business can be based on their experience using a contact channel or multiple contact channels to resolve their inquiry or problem. Figure 7 shows the impact that an OCR and non-OCR customer experience has on NRI. **The data reveals that when customers experience OCR using a contact channel, the NRI is 75%.** When an inquiry or problem was a non-OCR contact resolution (e.g., took 2 or more contacts to resolve), the NRI drops to 59%. However, when an inquiry or problem goes unresolved, NRI drops to -1%. Clearly, OCR is a driver for improving NRI.

Figure 7: OCR impact on Net Retention Index



ONE CONTACT RESOLUTION



This book covers contact channel customer experience research and best practices from award winning organizations.

“When the mission is to deliver world class customer experience on any contact channel selected by the customer, One Contact Resolution is a must.”

Best Practice Success Stories From Leading North American Companies:

- Omni-Channel Customer Experience – Amex Canada Inc.
- Web Self-Service Channel – FedEx
- IVR Self-Service Channel – VSP Vision Care
- Chat Channel – UPMC Health Plan
- Standard Operating Procedure – Genworth
- Continuous Improvement Process – Millennium1 Solutions
- Top 10 Call Center Best Practices:
 - » Quality Assurance – 407 ETR
 - » Desktop Applications – Comcast Corporation
 - » CSR Recognition Program – Regence BlueCross BlueShield
 - » Career Development Program – Sun Life Financial
 - » Call Handling – Canadian Tire Financial Services
 - » Escalation CSR Support – Blue Cross Blue Shield of Massachusetts
 - » Performance Management System – Scotia iTRADE
 - » CSR Coaching Program – Nationstar Mortgage
 - » CSR Training Program – Premera Blue Cross
 - » CSR Selection Process – Canadian Tire Financial Services



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Lara Pow, DBA, is President of SQM Group. Lara has her master's degree in mathematical physics and her doctorate in IT entrepreneurship. Lara is a member of the Insights Association and the Professional Association for Customer Engagement. She has over 10 years of research and analysis experience.

