



The Call Center's Main Purpose is to Retain Customers

Written By, Mike Desmarais, President and Founder of SQM Group

The call center's main purpose is to retain customers in order to maximize and protect the organization's greatest asset - its customers. In other words, it is the call center's responsibility to retain customers so they do not defect to the organization's competition as a result of their call center experience, rather than the call center creating customer loyalty for the organization

Introduction

If you ask call center professionals what their call center's main purpose is, you hear answers such as to service customers, to resolve their calls, to operate in an effective and efficient manner, to service and sell to customers, to create customer loyalty to the organization and to help bring in new customers to the organization. These are all good purposes however, it is SQM's belief that the call center's main purpose is to retain customers in order to maximize and protect the organization's greatest asset - its customers. In other words, it is the call center's responsibility to retain customers so they do not defect to the organization's competition as a result of their call center experience, rather than the call center creating customer loyalty for the organization.

SQM believes the main purpose is to retain customers because customer loyalty cannot be created by a customer who typically calls into the organization 1 to 2 times a year, has a 4 to 6 minute phone conversation and the call is resolved. It is SQM's experience that within a short period of time, the customer forgets they called the call center. The above scenario represents between 65% and 85% of all customers who call the call center. However, it is important to mention that the call center has done its job to help retain these customers for the organization. Again, with a customer who typically has a 4 to 6 minute call it is very difficult to create customer loyalty to the point that a customer will go out of their way to actually buy more products and services or recommend the organization to others. The exception to this behavior would be add-on sales while you have the customer on the phone. In most of these cases, the call was resolved which, in turn, gave the CSR the right to make a selling offer to the customer. So the same logic should apply to the call center in that if the call center does a good job at retaining customers it has therefore earned the right to sell. If the call center does not do a good job at retaining customers it has not earned the right to make selling a key component of the call center purpose.

Between 15% and 35% of customers who call a call center have a 4 to 60 minute phone conversation and the call is unresolved. These customers will not forget that they called the call center. In fact, when the call is not resolved our research shows that they will tell, on average, 5 people about their experiences using the call center to try to resolve their inquiry or problem. Also, 15% of customers will not continue to do business with the organization as a result of their experience using the call center to try to resolve their inquiry or problem. Most of the calls that are not resolved tend to be more complex calls (e.g., technical, billing and complaints). Many call center professionals focus on trying to create more evangelistic customers, when the real focus should be on the 15% to 35% of customers who did not get their call resolved; of those customers, at least 15% will likely defect to another organization. Again, the focus needs to be on retaining your existing customers especially if 15% or more of your calls are

unresolved or you have 5% or more of your customers who are dissatisfied with the overall call center experience.

Focusing on retaining customers is even more critical today than it was 5 years ago because of the increased complexity of the calls coming into the call center. Call centers are handling more complex calls than ever before because the IVR and web self-service channels are handling the simpler calls. As most call center professionals know, call centers have always handled complex calls; however, the frequency of complex calls has increased drastically. SQM's call center benchmarking data showed that in 2002 the average call length was approximately 4 minutes and in 2007 the average call length (talk-time and wrap-up) was approximately 5.5 minutes. This is a 38% increase in call length, which is a legitimate proxy for measuring call complexity increase. SQM's data also shows that IVR utilization in 2002 was 26% of all inbound call volume and in 2007 IVR utilization is at 68% of all inbound call volume. So in the last 5 years, IVR utilization has almost tripled. Also, call types handled by the IVR, which are the same as what a CSR would handle, are at 56% and increasing every year. As most people know the web contact channel has also increased drastically in the last 5 years.

The support structure to handle calls in the last 5 years has not changed in accordance with the increasing complexity of call types. For example, when a customer calls in a second or third time trying to resolve their call, in most cases, they have to repeat their messages to different CSRs for every call. This is the same practice that has taken place for the past 5 years. Order taking, sales and account inquiries tend to be less complex calls and technical, billing and complaints tend to be more complex calls.

Because calls are becoming more complex and resolving those complex customer calls is so critical to retaining customers, we have written this article to help call center professionals improve their call resolution performance for handling complex calls. In an effort to better understand call centers' impact on retaining customers we have used SQM's call center 2007 benchmarking data. The study sample includes over 300 leading call centers, 400,000 customers who recently called a call center and over 22,000 employees who work in a call center. The results of SQM's call center benchmarking study provide insightful information on call centers' impact on retaining customers for the following seven key industries: retail, health care, energy, insurance, financial, government and telecommunication. SQM's call center benchmarking study examines the areas that are most important for helping call centers retain customers. Specifically, SQM's study examines call center performance by industry and by aggregate to determine:

- What is most important to customers calling a call center
- Call resolution impact on call center customer loyalty impact indicators
- Unresolved calls financial impact on operating cost

- Areas for improving why customers have to call 2 or more times
- Impact on customer satisfaction (Csat) and first call resolution (FCR) when calls are transferred to escalation CSRs
- Resources CSRs use to resolve calls and their satisfaction with those resources
- Call centers and their organization's Csat
- Contact channel comparison for Csat and FCR performance
- Outsourcer comparison for Csat and FCR performance

FCR and Call Resolution Impact on Call Centers & Organizations

It is SQM's strong opinion that FCR and call resolution are the most important metrics for determining if the call center experience is both satisfying and helping to retain customers. SQM's definition of FCR is the... "Customer's inquiry or problem is resolved in one call." Furthermore the customer, not call center management, must be the judge of FCR. We are often asked what the difference is between FCR and call resolution. The main difference is that for call resolution to occur it might take more than 1 call whereas FCR only takes one call. SQM believes having the customer be the judge of FCR is the best practice. As shown in Figure 1, call resolution is the most important metric for customers calling a call center. CSR metrics such as knowledge, helpfulness, caring and listening are also very important metrics for customers. Customer navigation and speed metrics such as wait time, customer identification and voice menu have lower importance for customers. Selling metrics such as features, needs based selling and selling approach also have low importance for customers. Navigation and selling metrics tend to be areas that call center managers focus their efforts on versus call resolution, which is the most important metric for customers.

when the call is resolved on the first call the customer is very satisfied and the call center benefits from not having to take 2 or more calls to resolve the call.

Figure 2: Call Resolution Impact on Call Center Customer Loyalty Impact Indicators

Call Resolved	Percent of Customers	Call Center Overall Cost	Customer Will Continue to do Business with Organization	Customer Will Not Continue to do Business with Organization	Customer Will Recommend Organization to Others
Customers who got their call resolved	86%	73%	68%	3%	51%
Customers did not get their call resolved	14%	16%	29%	15%	16%

Key Finding: Customers that did not get their call resolved have a huge negative impact on the above call center customer loyalty impact indicators.

FCR and Call Resolution Differences by Industry

As shown in Figure 3, SQM’s benchmark studies show that there are significant FCR performance differences by industry. FCR ranking by industry is similar to the call resolution ranking by industry. There are only moderate call resolution differences by industry. It is SQM’s experience that the telco/TV industry is the most complex industry with the insurance, financial and banking industries being almost as complex. What is most interesting is that the insurance, financial and banking industries perform better than the telco/TV industry. The key message here is that complex industries can achieve high FCR and call resolution performance.

Figure 3: FCR and Call Resolution Differences by Industry

Industry	FCR	Call Resolution
Retail	76%	92%
Insurance	75%	90%
Financial/Banks	72%	89%
Health care	69%	85%
Energy/Utility	69%	86%
Government	64%	84%
Telco/TV	57%	84%

Key Finding: There are significant FCR performance differences by industry and moderate call resolution differences by industry.

Unresolved Calls Impact on Operating Cost

Figure 4 shows that for the average call center only 49.76% of inbound calls are “one and done”. That means approximately 50% of inbound calls are the result of the customer’s call not being resolved on the first call. The average call center resolves 68% of their calls on the first call. This means that up to 32% of customers have to call back because their issue is not resolved the first time. However, SQM’s research shows that 30% of customers who did not get their

call resolved will not call back. Call-backs account for a large amount of a call center's annual budget. In fact, two-plus calls account for 15% of the average annual budget. It is important to note that the call center industry average to resolve a customer's inquiry or problem is 1.4 calls. This represents, in most cases, the biggest area for call centers to reduce their operating costs. The number of additional calls made to the average call center that SQM benchmarks, is approximately 1,001,122 which represents 29% of the total call volume. In most cases, world class call centers have between 10% and 15% additional calls as a result of not achieving FCR.

Figure 4: Unresolved Calls Impact on Operating Cost

Unresolved Calls Impact on Operating Cost						
Based on an average annual volume of 3,500,000 inbound calls						
Average FCR	66%	Average % of Customers	% of Actual Calls Made to Call Center	# of Calls Made based on Annual Volume	# of Transactions	# of Additional Calls Made
Average Call Resolution	87%					
Calls Needed to Resolve (87%)	1 Call	80%	49.76%	1,741,757	1,741,757	0
	2 Calls	13%	16.24%	568,418	284,209	284,209
	3 Calls	4%	7.45%	260,742	86,914	173,828
	4 Calls or More	3%	7.05%	246,836	61,709	185,127
Calls Unresolved (13%)	1 Call	43%	4.03%	140,878	140,878	0
	2 Calls	22%	4.09%	142,989	71,494	71,494
	3 Calls	15%	4.22%	147,859	49,288	98,572
	4 Calls or More	19%	7.16%	250,522	62,631	187,892
Total			100%	3,500,000	2,498,878	1,001,122
Average Calls To Resolve		1.40	% of Additional Calls based on Call Volume			29%
\$4.36 (Cost Per Call) X 1,001,122 (Additional Repeat Calls) = \$4,364,892						
Note: This is 15% of the average annual budget of \$28,569,701						

Note: For the average call center only 49.76% of inbound calls are "one and done". That means approximately 50% of inbound calls are the result of the customer's call not being resolved on the first call.

Impact on Csat and FCR when Calls are Transferred to Escalation CSRs

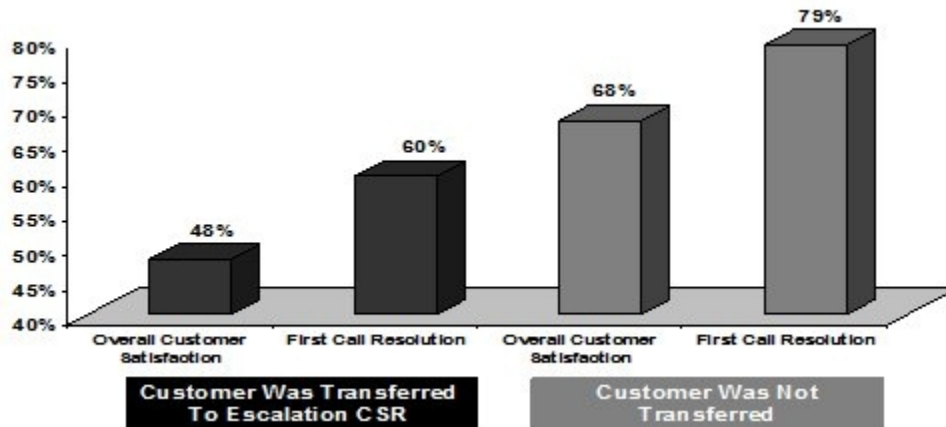
Figure 5 shows that customer Csat decreases by 20% and FCR decreases by 19% when calls are transferred to escalation CSRs. There are 9 main reasons why overall customer Csat and FCR performance for escalated calls is 20% lower than for non-escalated calls.

- Most escalated calls are more complex than normal calls.
- Many call center CSRs are discouraged from transferring their call to the escalation queue and are punished if they do it too often.
- Most call centers do not properly staff their escalation queues to handle customer escalated calls and they view escalated calls as an unnecessary extra cost.
- The vast majority of call centers make it difficult for customers to transfer their call to CSRs who handle escalation calls by not informing customers it is an option or by making customers go through a long question and answer session.

- The majority of escalation CSRs can handle complex calls; they tend not to be as good at service recovery. In other words, they can fix the problem, but they lack the required people skills to deal with dissatisfied or upset customers.
- When calls are transferred to the escalation queue the customer has to repeat the details of their issue because they do not experience warm transfers.
- Customers are put on hold for a long time before they can talk to an escalation CSR.
- Most call centers do not measure Csat or FCR for the escalation queue.
- The call center does not have dedicated CSRs to handle escalated calls; therefore, the original CSR has to find someone who can help the customer.

It is SQM's belief that the call escalation queue is the key to retaining customers for the organization. However, most call center managers do not utilize the escalation queue for retaining customers. Call escalation queues tend to be small and are not very effective in managing the customer's experience.

Figure 5: Impact on Csat and FCR when Calls are Transferred to Escalation CSRs

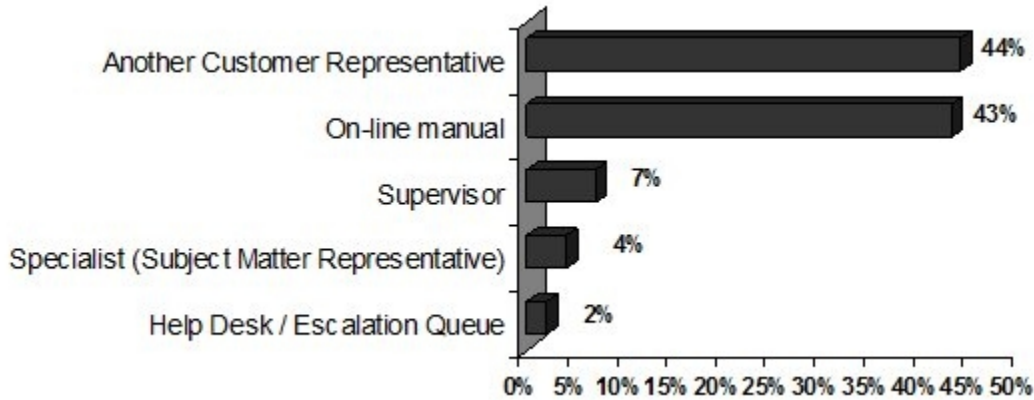


Key Finding: Customer Csat decreases by 20% and FCR decreases by 19% when calls are transferred to an escalation CSR.

Resources CSRs Use to Resolve Calls and Their Satisfaction with Those Resources

Figure 6 shows when front-line CSRs need help in resolving calls they ask another CSR and in most cases, they ask the CSR sitting closest to them. Another resource frequently used is on-line manuals. What is most interesting about this is that subject matter CSRs and escalation CSRs are not used very often to help CSRs resolve calls.

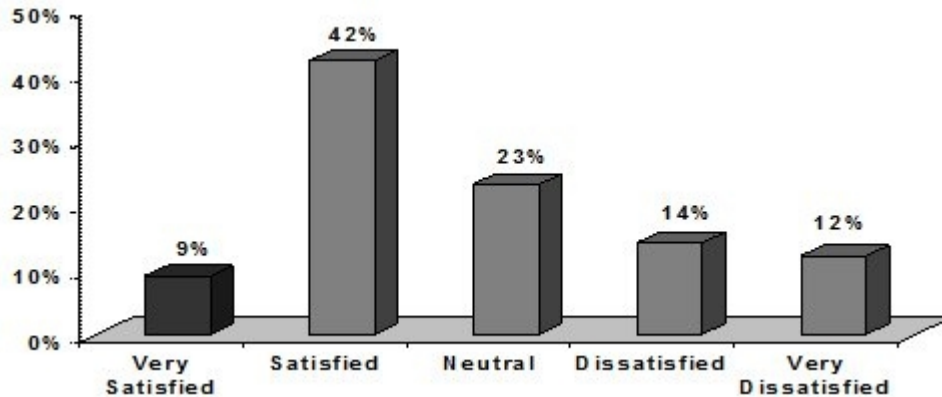
Figure 6: Resources CSRs Use to Resolve Calls



Key Finding: Subject matter CSRs and escalation CSRs are not used very frequently to resolve calls.

Figure 7 shows CSR satisfaction with the availability of real-time support (e.g., peer, supervisor, on-line manual and escalation queue) for resolving difficult customer calls. Only 9% of CSRs are very satisfied with the real-time support for helping them resolve customer calls. The real-time support attribute has one of the lowest satisfaction levels of all the attributes that SQM measures for CSR satisfaction.

Figure 7: CSRs Satisfaction with Real-time Support for Resolving Calls



Key Finding: Only 9% of CSRs are very satisfied with the real-time support for helping them resolve customer calls.

Csat with Call Centers & Their Organizations

As shown in Figure 8, there are large Csat rating differences by industry for both the call center and organization. However, the call center Csat ranking and the organization Csat ranking are the same. Csat ratings are based on top box customer satisfaction ratings. It is SQM's experience that an organization's ability to satisfy customers does impact the call center's ability to satisfy customers. SQM's data also shows that, in many cases, when the organization's satisfaction rating goes up so does the call center's and when the organization's satisfaction

rating goes down so does the call center's. This is particularly true when the organization experiences billing problems or improves billing practices. If the call center does not resolve the customer's call it has a negative impact on the organization's overall Csats ratings. Again, the reasons for this are that most unresolved calls are between 4 to 60 minutes in length and most customers remember their unresolved call experience. However, when a customer's call is resolved there is not necessarily a positive impact on the organization's overall satisfaction ratings. Again, the reasons for this are that most resolved calls are between 4 to 6 minutes in length and the customer expects the CSR to resolve their call. Also, in a short period of time most customers forget that they even called the call center. The retail industry had the highest Csats for call centers at 78% and also the highest Csats ratings for an organization at 73%. The telco/TV industry had the lowest Csats for call centers at 57% and also the lowest Csats ratings for an organization at 43%. Industries with higher organization Csats ratings (retail, financial and insurance) have higher call center Csats ratings. Conversely, industries with lower organization Csats ratings (government and telco/TV) have lower call center Csats ratings.

Figure 8: Csats with Call Centers & Their Organizations

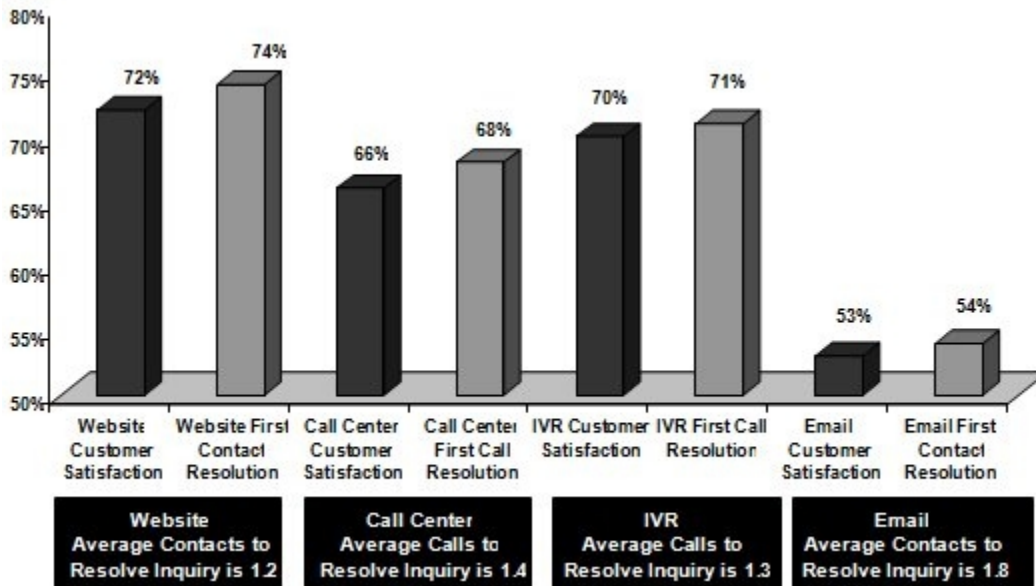
Industry Ranking	Csats with Call Center	Csats with Organization
1) Retail	78%	73%
2) Insurance	74%	70%
3) Financial/Banks	71%	69%
4) Health care	69%	65%
5) Energy/Utility	65%	64%
6) Government	68%	55%
7) Telco/TV	57%	43%

Key Finding: There are large Csats rating differences by industry for both the call center and organization Csats ratings. In addition, the call center Csats ranking and the organization Csats ranking are the same.

Contact Channel Comparison for Csat and FCR Performance

As shown in Figure 9, web and IVR self-service contact channels have the highest Csat and FCR ratings of all contact channels. It is SQM's experience that these contact channels also have the easiest contact types to resolve. It is also SQM's experience that CSR and email contact channels have the most complex contacts to resolve and that is the main reason why Csat and FCR is lower in these contact channels. SQM's research also shows that 14% of call center customers start with using the web channel. SQM's research shows that the vast majority of customers that use web and IVR self-service channels to complete their transaction are successful in using those contact channels to process their transaction.

Figure 9: Contact Channel Comparison for Csat and FCR Performance

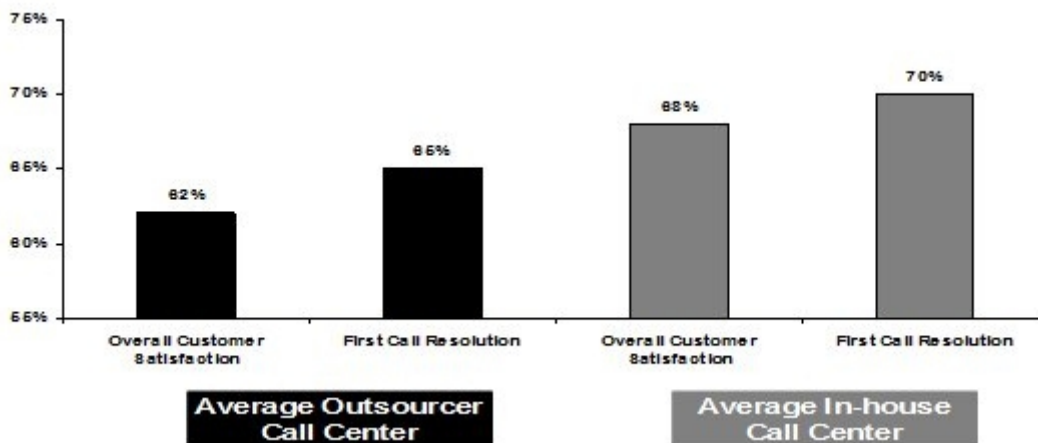


Key Finding: Web and IVR self-service contact channels have the highest Csat and FCR ratings of all contact channels.

Outsourcer Comparison for Csat and FCR Performance

Figure 10 shows that the average for outsourcer performance is 8% lower for Csat and 4% lower for FCR than in-house call centers. The gap in outsourcer performance has drastically improved in the last 2 years with outsourcers making major improvements. In SQM's benchmarking database we have outsourcers with higher Csat and FCR performance than in-house call centers, as well as outsourcers with significantly lower Csat and FCR performance. We have very few outsourcers whose performance is consistent with their client in-house call center's performance. At SQM, the biggest change we see with outsourcers is that they are no longer being paid based on call volume only. Bonuses and contract renewals are based on their Csat and call resolution performance and we believe this is one of the main reasons why we see outsourcer performance improve.

Figure 10: Outsourcer Comparison for Csat and FCR Performance



Key Finding: The average for outsourcer performance is 8% lower for Csat and 4% lower for FCR than in-house call centers.

Summary and Conclusions

SQM believes that the call center's main purpose is to retain customers in order to maximize and protect the organization's greatest asset - its customers. In other words, it is the call center's responsibility to retain customers so they do not defect to their competition as a result of their call center experience, rather than the call center creating customer loyalty for the organization.

It is SQM's experience that an organization's ability to satisfy customers does impact the call center's ability to satisfy customers. SQM's data also shows that in many cases when the organization's satisfaction rating goes up so does the call center's and when the organization's satisfaction rating goes down so does the call center's. This is particularly true when the organization improves their billing practices or experiences billing problems. If the call center does not resolve the customer's call it has a negative impact on the organization's overall Csat ratings. In fact, customers who did not get their call resolved are 5 times more likely to defect than customers whose call was resolved.

It is SQM's strong opinion that FCR and call resolution are the most important metrics for determining if the call center is both satisfying and helping to retain customers. SQM's definition of FCR is the... "Customer's inquiry or problem is resolved in one call". Furthermore, the customer, not call center management, must be the judge of FCR.

For the average call center only 49.76% of inbound calls are "one and done". That means approximately 50% of inbound calls are the result of the customer's call not being resolved on the first call.

It is very clear that an effective call escalation process can avoid many of the additional calls to resolve and at the same time improve Csat and retain the organization's customers. SQM research clearly shows if call escalation is handled effectively customer satisfaction does not drop. However, there is a 15 point drop in Csat for each additional call required to resolve the customer's call. It is SQM's belief that the call escalation queue is the key to retaining customers for the organization. However, most call center managers do not utilize the escalation queue for customer retaining purposes. Call escalation queues tend to be small and are not very effective in managing the customer's experience.

Also, total average handle time (AHT) is shorter with the original CSR and the escalation CSR versus 2 or more individual CSRs handling the call separately. Only 9% of CSRs are very satisfied with the real-time support for helping them resolve customer calls. The real-time support attribute has one of the lowest satisfaction levels of all the attributes that SQM measures for CSR satisfaction.

Fixing the reasons why customers have to call 2 or more times is one of the most valuable initiatives that call center management can do to improve their call center Csats, FCR performance and retain the organization's customers.

Web and IVR self-service contact channels have the highest Csats and FCR ratings of all contact channels. It is SQM's experience these contact channels are also the easiest contact types to resolve. It is also SQM's experience that CSR and email contact channels are the most complex contact types to resolve and that is the main reason why Csats and FCR is lower in these contact channels. SQM's research shows that the vast majority of customers that use web and IVR self-service channels to complete their transaction are successful in using those contact channels to process their transaction.

The average for outsourcer performance is 8% lower for Csats and 4% lower for FCR than their client's in-house call centers. The gap in outsourcer performance has drastically improved in the last 2 years with outsourcers making major improvements. In SQM's benchmarking database we have outsourcers with higher Csats and FCR performance than in-house call centers, as well as outsourcers that have significantly lower Csats and FCR performance. SQM's benchmarking database shows very few outsourcers whose performance is consistent with their client's in-house call center's performance. At SQM, the biggest change we see with outsourcers is that they are no longer being paid for call volume only. Bonuses and contract renewals are based on their Csats and call resolution performance and we believe this is one of the main reasons why we see outsourcer performance improve.

About SQM Group

Since 1996, Service Quality Measurement (SQM) group has been a leading North American contact channel Voice of the Customer (VoC) research firm expert for improving organizations' first contact resolution (FCR), operating costs, employee and customer satisfaction. We have done this by being operationally excellent at benchmarking, tracking, consulting and recognizing our clients' first contact resolution (FCR), employee (Esat) and customer (Csats) satisfaction performance. Over 70% of our call center tracking clients improve their FCR and operating costs year over year. For the average call center SQM benchmarks, a 1% improvement in their FCR performance equals \$256,000 in annual operational savings. Our research also shows that when you improve your FCR, not only do you achieve operational savings, you also reduce customers at risk which is typically a 5-10 times greater savings opportunity than the operational FCR improvement savings.

SQM benchmarks over 450 leading international call centers on an annual basis and has been conducting FCR Csat benchmarking studies since 1996. On an annual basis, SQM also conducts over 25,000 surveys yearly with employees who work in call centers. Our customer and employee call center survey database is one of the largest in North America. SQM does business in 11 countries around the globe: Canada, United States, Argentina, Australia, Puerto Rico, India, Philippines, Costa Rica, Mexico, Dominican Republic and Jamaica.

SQM also benchmarks and tracks all the major contact channels (i.e., website, call center, IVR, email and site). Our site contact channels include branch, retail store, dispatching and service work. By conducting benchmarking and tracking studies on these contact channels, organizations can get insights into customers' experiences using these contact channels individually or using multiple contact channels, to get their inquiry resolved. For all the contact channel benchmarking and tracking studies, SQM focuses on the customer's experience in achieving first contact resolution. SQM conducts over 1 million surveys (over 450,000 live surveys and over 550,000 IVR surveys) with customers who have used a call center, email, website, IVR or site contact channel service.

SQM's Awards Program is the most prestigious and sought after North American contact channel FCR awards program. Our awards are based on customers who have used a contact channel and employees who work in a call center. These awards are considered to be the fairest and most credible service quality awards for measuring the customer's experience when using a contact channel because they are based on FCR performance. We have recognized top performing organizations for FCR, Csats and Esats since 1998. SQM evaluates leading North American organizations such as American Express, UPS, FedEx, Marriott, Sears, Canadian Tire, U.S. Bank, Wells Fargo, Rogers, Capital One, CitiFinancial, Scotiabank, Discovercard and Blue Cross.

SQM's Certification Program is designed to determine if call centers, supervisors and customer service representatives are performing at the world class call FCR and customer satisfaction performance level. Our FCR and customer satisfaction certification program is the most credible and rewarding certification program in the call center industry because certification is based on your customers' experience calling your call center. Certification is based on surveying customers who have just recently called a call center.

SQM offers four different post-contact surveying methods (i.e., phone, IVR, online and SMS mobile). Our post-contact survey is based on proven survey questions that provide accurate results and clear insights on areas to improve. SQM conducts all phone surveys using our own dedicated workforce. All post-contact survey methods can be integrated into one common database. Our call list management system allows us to accurately deliver a survey quota at a

customer representative level or any other survey quota level that is required. To ensure the quality of our survey data and feedback collection, SQM monitors 100% of our surveys. The accuracy of each survey method is individually tracked and must comply with our minimum error rate of less than 1%.

Our reporting is available in real time via our secure mySQM web portal or through your mobile phone. Customer representatives and supervisors have direct and secure access to their reports and coaching logs. Your analysts have full access to over 60 FCR Csat pre-formatted reports which can be easily exported. Furthermore, your analysts can sort and search the data for ad hoc reporting. Our reporting capabilities also allow the integration of Csat survey and call quality assurance evaluation data. Raw data is also available in real time.

We have two state-of-the-art research call centers located in Coeur D'Alene, Idaho and Vernon, British Columbia, to conduct professional customer surveys with customers who used a contact channel. SQM is recognized as a leading contact channel research firm VoC expert for analyzing FCR, Csat, and customer experience performance. Our research analyst professionals have strong mathematical academic backgrounds. They also understand contact channels and stay current with the best practices for capturing, analyzing and reporting VoC data and feedback. Specifically, SQM research analysts use VoC metrics such as FCR, Csat and the Customer Protection - CP SCORE™ to truly understand how your contact channel impacts the customer service experience, operating costs and the ability of your contact channel to retain customers.

Call Center Outsourcing Service. SQM offers the capability of handling inbound call center outsourcing service to help organizations in providing a world class first call resolution and customer satisfaction performance. SQM's call center expertise with inbound call center solutions drives world class customer service results. By leveraging SQM's extensive call center industry experience and leading edge technology, your organization will be investing in providing your customer's world class service through SQM's call center outsourcing service.