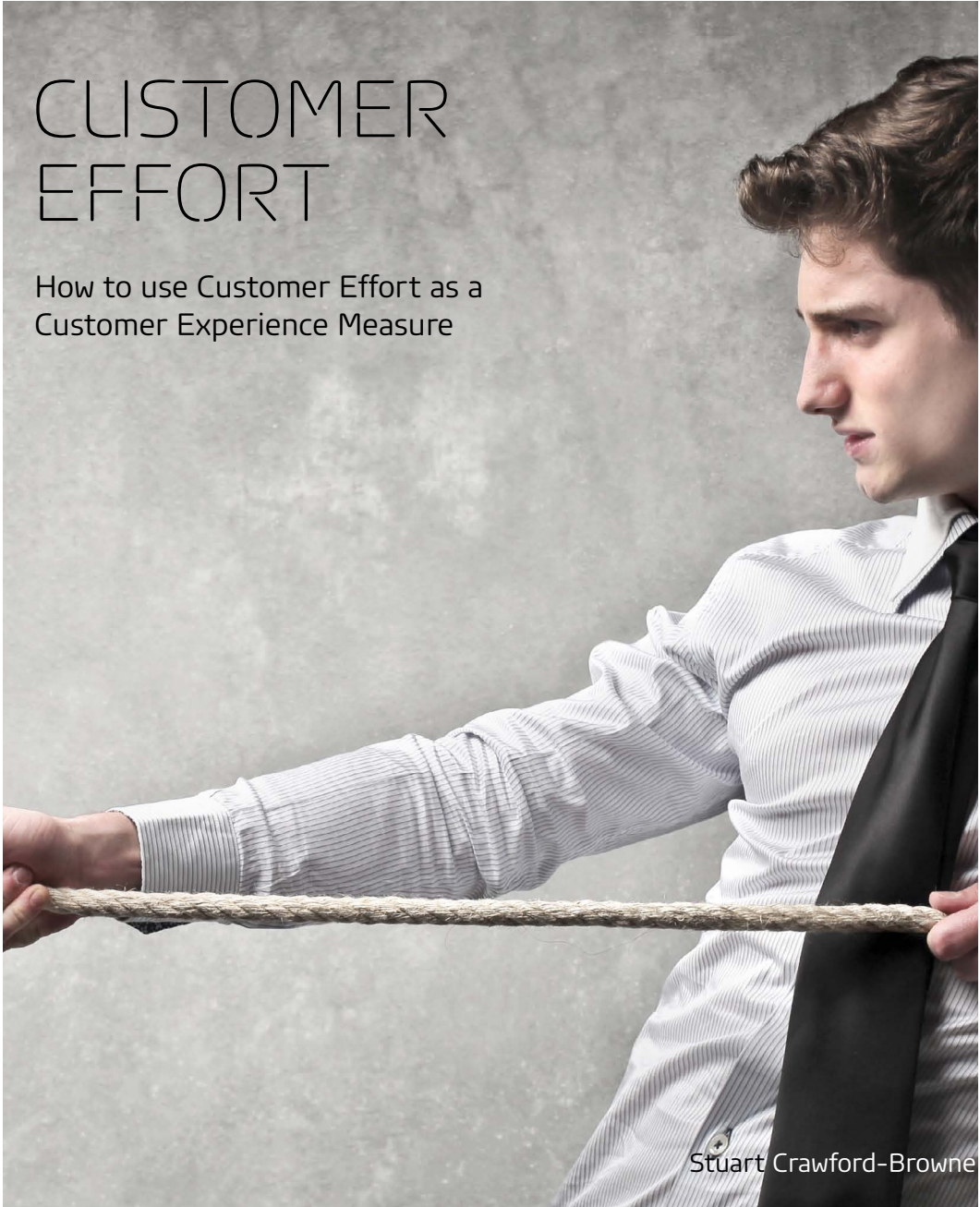


CUSTOMER EFFORT

How to use Customer Effort as a
Customer Experience Measure



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INTRODUCTION

01

Is Customer Effort an appropriate measure to consider as a customer metric for businesses that are committed to developing a customer-centric organisation? Does it deliver financial benefits to those that invest in it? The answer to both questions is yes; but only once its role as a performance measurement tool is understood in the context of other key customer experience measures.

In a business environment where simplified marketing metrics have the strongest appeal in the boardroom, the Customer Effort Score (CES) follows Net Promoter Score (NPS) as a desirable way to quickly understand if the organisation is delivering on the customer experience. However, there is no silver bullet; simplified metrics do not tell the whole story, and decision makers may ignore the blindspots at their peril. This is true of NPS and is also the case with CES.

One of the key oversights organisations face when applying Key Performance Indicators (KPIs) is that the customer metrics chosen to measure performance end up defining the customer experience strategy embarked upon. This paper explains Customer Effort and how it applies to service delivery in organisations, its role in the constellation of customer metrics, and generally how to ensure customer experience metrics are enablers of the business strategy rather than an end in themselves.

Customer Effort tends to only apply to customer interactions and not to the whole customer experience, leading to a raft of reasons why a Customer Effort Score may not be appropriate as the only customer experience measure on which to rely. Rather, Customer Effort is a concept, and measurement of this element of the experience supports other business outcome measures. If CES is used, it should be seen as complementary to core metrics like Customer Satisfaction (CSAT) and NPS, but by itself it is not the answer to effective management of the entire customer experience.

A background image showing a close-up of several pairs of eyeglasses hanging on a light-colored display rack. The glasses have various frame colors including brown, black, and orange. The image is slightly blurred, creating a sense of depth.

UNDERSTANDING CUSTOMER EFFORT

02

Customer Effort first came to light in 2010 when the Customer Contact Council, part of the Corporate Executive Board, published an article in Harvard Business Review called “Stop Delighting Your Customers”^[1]. The article was based on benchmarking data from contact centre interactions, and claimed that Customer Effort in service interactions was a leading indicator of disloyalty, high Customer Effort was more predictive of defection than CSAT or NPS.

The implication was that in the majority of service interactions customers just wanted service to be quick and easy, and would reward or punish companies based on the degree of effort required to do business with them. It was also claimed that the same principles should ostensibly apply to other customer touchpoints, such as the website and retail channels. It was argued that in an environment where self-service channels are on the rise, Customer Effort provided the most appropriate customer measure to manage the customer experience and customer value.

The fundamental assertion of Customer Effort being essential to the business resonated with marketing professionals. An effortless customer experience has become a new aspiration for service delivery. This advocates a move away from unnecessary expense and effort on the staff training, bells and whistles all concentrated on surprising and delighting customers, to a focus on ensuring that the organisation is easy to do business with. The rewards promised are increased advocacy and lower levels of defection. With appeal across many parts of the organisation, particularly when Customer Delight and high levels of advocacy are expensive and elusive, the Customer Effort Score (CES) is seen to have the potential to join CSAT and NPS as a core customer experience metric for researchers, operations and for the boardroom.



SIMPLICITY AS THE ULTIMATE SOPHISTICATION?

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There is a certain elegance to having a single customer metric to focus on, and Customer Effort provides a direct way to ensure the customer channels and touchpoints are customer centric in their design and management.

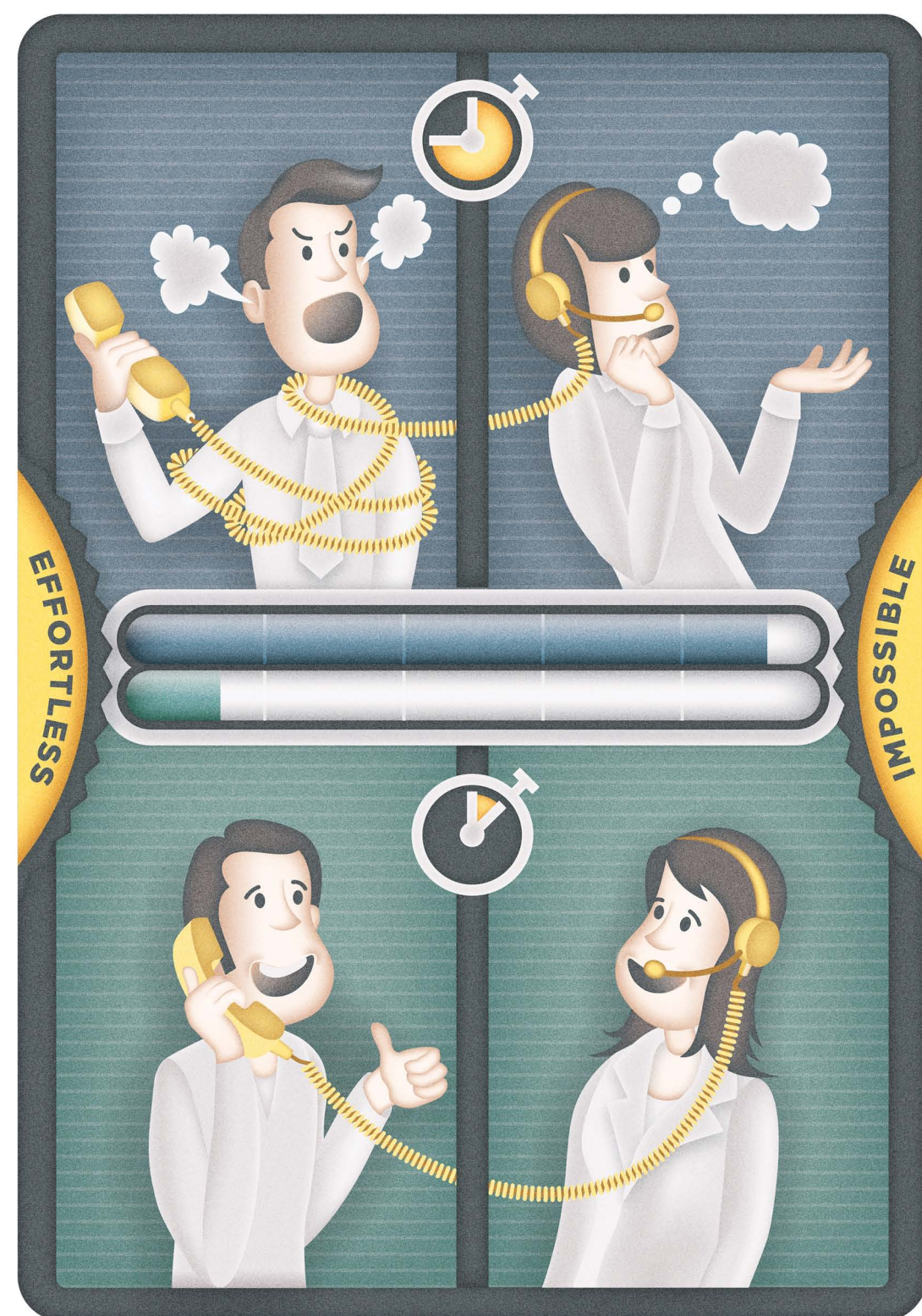
CSAT has traditionally been a core measure, tending to be either an overall experience or a composite index measure. This can be difficult to explain to the organisation, both conceptually and statistically, since CSAT is often based on an intricate model to predict the causal relationships and business outcomes. Organisations are looking for approaches that are easier to understand and communicate to employees.

Since 2003, NPS has grown to become widely used in large and complex multi-national corporations, not necessarily because it is a superior customer metric but perhaps because it reduces complexity and can be applied with ease across different business units. In addition, it appeals to the C-Suite because the core premise is that NPS links directly to revenue growth.

CES has similar appeal, particularly within Customer Service divisions. There is an indication that Customer Effort can have impact on both customer advocacy and churn, and the key drivers of this can be more clearly identified than explaining movements in NPS, which can include brand effects.

So does Customer Effort show promise as a similar metric and can it make it onto the executive balanced scorecard?

To some extent, the answer depends on the type of business and the key service channels available to customers. In addition, there are limitations to Customer Effort as a core metric to drive the business. Firstly, Customer Effort is mainly concerned with service interactions, primarily in contact-centre related touchpoints. so it does not cover all areas of the business that have impact on the customer experience, for instance product quality and reliability, billing and price. While it can theoretically be applied to



other customer touchpoints outside of Customer Service, such as ease of purchase at a retail outlet, ease of understanding the bill or promotional offers, it does not adequately address the impact that other aspects of each touchpoint have on service delivery as a whole.

Secondly, Customer Effort is essentially focused on promoting ease of use, simplicity and effortless interaction with customer touchpoints. Many organisations may have challenges in these areas and will benefit from identifying touchpoints that do not work or are difficult to use, particularly if the key focus is on reducing defection of frustrated customers. However, for leading organisations that have already solved these problems and are focused more on how to enhance the experience to drive advocacy, Customer Effort is likely to be less helpful, since the challenge faced is to build customer engagement through a cohesive branded customer experience. An effortless and intuitive interaction does enhance the experience, but when competing against strong performers with a vision of customer experience that clearly distinguishes the brand in the market, low Customer Effort is more likely to be a hygiene factor than to add value to the relationship as a service differentiator. For instance, leading iconic and luxury brands, like Amazon, Apple and Ritz-Carlton, have low Customer Effort built into their organisational DNA. In these cases, loyalty and the value in the relationship is enhanced further by the unique and special experiences customers gain from their relationship with each brand.

The key advantage of the Customer Effort measure is that it measures how well the basics are executed, and in situations where speed is of the essence it can focus more closely on the interactions than CSAT or NPS.



LIMITATIONS

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As a customer experience measure, Customer Effort has some limitations that need to be considered. A fundamental shortfall on Customer Effort as a core metric is that it does not address demand failure. If customers are contacting Customer Service or interacting with other touchpoints, this is often because there is a problem or issue that they wish to solve. This means that these customers are not in the ideal state where they should have no problems at all. The first priority of the business should be to minimize any problems and to avoid the need for customers to contact Customer Service about problems; unnecessary interactions that are friction-less will not address this fundamental failure in the customer experience. CES has a narrow focus and does not support the requirement to measure performance levels in this area.

On a technical level, there are some shortcomings to the research conducted for Customer Effort. The research design for the question is not clearly determined and measured by the Customer Contact Council, in the HBR article it is broadly defined as "How much effort did you personally have to put forth to handle your request." A five-point scale was used to measure effort with 1=Very Low Effort and 5=Very High Effort. This definition and wording of the question is not well suited to be applied across all areas to measure Customer Effort, and this means it would require adaptation. A looser description of "ease of use" with variations on the theme based on application may be appropriate in many cases but this means that Customer Effort is not a clearly constructed measure that can be applied consistently and validated.



The definition used for Loyalty by Customer Contact Council also appears to be blurred, referred to as a combination of repurchase and increased spend according to customer intentions, rather than the use of discrete measures based on actual behaviour. In practice, it is unclear whether it would be superior to CSAT or NPS in predicting loyalty. Loyalty is not a simple one-dimensional construct so, as with NPS, there is an oversimplification of what drives it.

It should be noted that GfK has found its LoyaltyPlus Model to be more predictive of business outcomes than NPS, suggesting the likelihood that CES will also suffer as an oversimplification of how to reduce churn. In addition, the GfK LoyaltyPlus Model identifies key disatisfiers and key enhancers of satisfaction and loyalty. Certain critical-to-quality and hygiene factors may have a negative impact while different factors may enhance the experience and differentiate the brand in a positive way. Reducing Customer Effort may minimise dissatisfaction and disloyalty but is not as likely to please or delight customers and drive up loyalty.

Furthermore, CES as a standalone metric has no explanatory power, and without support measures to understand what is driving Customer Effort, it is unclear what should be done to improve it.

It is worth noting that HBR is not a peer-reviewed academic journal. Neither the methodology, actual question used in practice, the data nor the results were disclosed. This makes the research difficult to validate.

RATIONAL & EMOTIONAL DRIVERS

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Customer Effort can be part of the value equation for customers of certain brands. If the interaction is purely transactional, like the experience with a bank or energy provider, then there is a tendency to expend as little effort as possible. However, if a customer is engaged with a brand, they are likely to enjoy the interaction and even participate in the design of products and services. LEGO and Giff Gaff customers are often fans who spend time contributing to the products and services offered.

In addition to the rational drivers of the experience such as ease of use, speed and resolution, there are emotional considerations that impact the experience with customer touchpoints. Customer Effort is helpful as a means to measure transactional touchpoints, but as interpersonal elements come into play in more complex interactions, there are both rational and emotional dimensions that have an influence. Courtesy, empathy, rapport, warmth and trust are examples of key emotional elements that are an important part of the experience at many customer touchpoints. Knowledge is a crucial enabler of these elements because knowledge of both the customer and of the solution required ensures that the context of both rational and emotional customer needs are fully appreciated and addressed.

If customer requirements of touchpoints go beyond purely rational transactional interactions with emotional elements playing a role, Customer Effort becomes a less useful metric requiring other measures to incorporate feedback about these elements. It is acknowledged in the HBR article that an increased focus on the emotional side of customer interactions can reduce the proportion of repeat calls that happen due to emotion-based communication disconnects during calls. Companies like American Express, First Direct and Zappos.com use empathy and emotional engagement to promote intelligent conversations with customers. The quality of the customer relationship and strong interpersonal skills are also essential to business-to-business interactions that have high engagement levels, such as enterprise IT systems sales negotiations.

Therefore, the product and service structure of the business and the type of touchpoints used by customers may have some bearing on the suitability of using Customer Effort. For contact centres, website and self-service interactions, it can be a very useful measure to improve performance but there are limitations and considerations to be accounted for in doing this.

BUILDING CUSTOMER CENTRICITY

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The primary advantage of using customer metrics is to drive change within the organisation by linking the voice of the customer to the strategic and operational elements of the business. While a number of limitations to the CES are mentioned above, there are powerful elements to the use of Customer Effort that should be highlighted. As a concept, it captures the imagination of the organisation in their resolve to address reoccurring customer problems and become more customer centric. When a reduction in Customer Effort becomes a strategic imperative for an organisation, it is easy to communicate to employees so that processes are evaluated based on their intuitive value to the customer based on the effort expended. Half the battle in improving performance is linked to shifting the internal culture and rebalancing the priorities of employees. A clear message about Customer Effort can, therefore, be a catalyst for change in an organisation that is sensitive to the external customer perspective of the processes built internally.

It is important to remember that reduction of Customer Effort is not a customer strategy in itself, rather an enabler of the business strategy to effectively deliver product and service propositions to customers. If something is measured and gains attention, resources are brought to bear to resolve problems and enhance the experience. A focus on Customer Effort at each customer touchpoint ensures that there is effective and efficient delivery across the entire customer journey and that resource allocation is appropriately balanced in these efforts. This is why performance improvement and implementation of changes requires senior leadership involvement. Without boardroom interest and investment in balancing resources and effort, improvement initiatives will remain siloed with no linkage as enablers of the core business strategy. Commerce Bank in the US and its UK counterpart Metro Bank have used the policy of "No Stupid Rules" as a customer promise but also as a rallying cry internally to make employees feel empowered to deliver superior service levels.

So how should executives tasked with building customer-centric organisations treat Customer Effort, and where does it fit in the constellation of metrics that they have on their dashboard?



PUTTING IT INTO PRACTICE: EMBEDDING CUSTOMER EFFORT

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Mapping Customer Touchpoints

In order to ensure that the Customer Service experience is designed to be effortless, as well as to support profitable and loyal behaviour, it is important to be aware of the core motivations of customers, to understand the customer lifecycle and to identify all the customer touchpoints in the customer journey. Mapping customer touchpoints provides a clear view of interactions with organisations from the perspective of the customer. It should be noted that the customer journey is not always a linear experience, with Customer Service interactions often being iterative and across multiple channels. Furthermore, every company is likely to have a unique customer journey with multiple departments playing a part. The sequence of interactions with touchpoints can have an influence on Customer Effort overall. In order to reduce Customer Effort, a concerted and well-orchestrated effort across many parts of the organisation is required.

Aligning and measuring performance across customer touchpoints is a key activity that will provide control over Customer Effort, including changing and improving processes, raising the performance levels of staff and reshaping the culture to be collaborative, outcome-driven and universally customer-centric.



Linking Customer Effort to Touchpoint Levers

One of the biggest payoffs on customer experience metrics is to have a structured methodology for explaining the underlying customer relationship dimensions that drive the scores to determine action items to improve performance. While Customer Effort tends to be a standalone question, it is not actionable unless it is possible to develop linkages to the business processes that influence the customer experience at each touchpoint.

As with CSAT, linkages can be made directly to internal processes to remove obstacles, thereby delivering a smooth, seamless, swift and natural interaction. Without this, it is difficult to establish what influences Customer Effort.

Diagnostic indicators can help to determine what parts of the touchpoint may be causing friction. The following serve as examples of process-related elements to measure for a call centre interaction:

- Frequency of contact
- Use of IVR system
- Voice recognition/touch-tone IVR
- Number of menu options (including 0 for a call centre agent)
- IVR Resolution
- Time on hold
- Transfers
- Length of call
- Call Resolution
- Number of channels used to resolve query
- Number of repeat calls to resolve query
- Total time to complete a service request



The granular detail of diagnostics can assist with root cause analysis on Customer Effort by identifying exactly where the key pain points are at each touchpoint, and at what threshold the experience deteriorates. This information can be used to prioritise improvements and set performance thresholds on the levers that have the most impact. Open-ended questions can provide feedback that is useful to make interactions easier, faster, intuitive and more natural. For example, customers can be asked “How could we have reduced the amount of your personal effort in this service interaction?”. Customers can share information that is relevant to many of the processes that make up the customer experience at each touchpoint.

Each customer touchpoint, including marketing communications, has unique characteristics that impact Customer Effort and overall satisfaction. With clear information on these levers, organisations can begin to identify the root causes for high CES and determine where process improvements are required. The size of the impact each area has on loyalty will highlight which areas to prioritise.

Diagnostic indicators provide mechanisms by which to monitor and exert control over Customer Effort. As processes are refined, the emphasis is likely to shift to staff and the soft skills required to provide a positive and memorable interaction.



Measuring Performance – CES, CSAT and NPS

When looking at customer experience metrics there is a hierarchy to consider. The Customer Contact Council claimed that Customer Effort showed a stronger correlation to Loyalty than CSAT or NPS. However, this was in the context of contact centres and also within some methodological limitations, such as the way loyalty was defined. When applying Customer Effort to customer touchpoints in general, it makes more sense to think of causal relationships; Customer Effort has an influence on CSAT and CSAT has an influence on Recommendation / Relational NPS.

Customer Effort is a micro-level indicator that provides a specific perspective on elements that have impact on CSAT, which tends to be a macro-level indicator. Recommendation, NPS and Loyalty tend to be macro-level outcomes of the customer experience. While in some cases organisations try to apply NPS at the touchpoint level, this generally does not make sense for consumer brands. Recommendation is unlikely to be related directly to a website or to the Customer Service experience, and it tends to be an outcome of the overall experience and recommendation of the brand.

Therefore, when organisations try to gain a perspective on the customer experience across the entire customer journey, it is helpful to have both macro-level indicators, that point to overall experience with links to loyalty and financial performance, and micro-level indicators, to monitor and control performance at each customer touchpoint. CES fits well as a metric in this area.



CONCLUSION

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In an environment where simplified customer metrics are gaining appeal, and in industries where achieving customer delight appears elusive or an unrealistic aspiration, Customer Effort is receiving attention as an alternative approach to managing the customer experience. By measuring Customer Effort, organisations can focus activities on removing obstacles to an effortless interaction rather than on delighting customers. This has appeal in a cost-saving environment where self-service channels are increasingly popular.

There are clear limitations to Customer Effort as the only customer metric to use, other measures are important for organisations to have in place if they are to gain a holistic view of customers, CSAT has a role in measuring the entire customer experience, and NPS provides a top level view that incorporates brand influences. In addition, complex loyalty models can provide a more comprehensive picture of the dynamics affecting loyalty. However, when measuring the performance of customer touchpoints, Customer Effort can have credibility and be actionable when the key limitations to the approach are minimised.

If Customer Effort is linked to other diagnostic indicators and customer feedback, this can improve the operational value and actionability of information. Furthermore, the concept of Customer Effort is valuable to communicate as a means of changing the culture of organisations to become more customer centric. Reducing Customer Effort requires organisations to think from the outside in, designing a customer experience that makes customers perceive their brand as a reliable and facilitating company with which to do business. Once the basics are validated, these organisations will be well positioned to develop a branded customer experience that is responsive beyond convenience to the deeper aspirations of its customers.

[1] Dixon, M., Freeman, K., and Toman, N. (2010). "Stop Trying to Delight Your Customers," Harvard Business Review, July–August.

More information

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