

Does Service Sell? The Financial Impact of Customer Service in Call Centers

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Introduction

Linking improvements in call center customer satisfaction to financial gains for the business has been an elusive goal. Most attempts have focused on revenue from increasing loyalty, keeping customers longer, and experiencing higher revenue per customer over a long period of time.

According to a recent survey conducted by Maritz, forty-three percent of customers who stop doing business with a company made their decision based on poor customer service. When almost half of your defecting customers leave due to poor service, it is obvious your service levels have a big financial impact on your business. Unfortunately, quantifying that impact is difficult. Many assumptions must be made to calculate a value for those defectors. When will they leave? Will they take all of their business or just some? How much impact will their negative word of mouth have on other customers and prospects?, etc. These assumptions often make it difficult to communicate the impact we know is there or make it too easy to poke holes in the assumptions rather than focus on the overall message – poor service costs you customers and, ultimately, money.

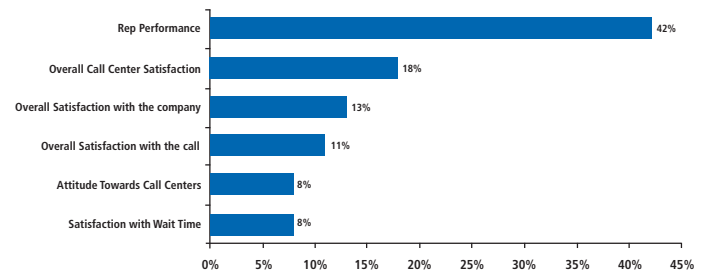
Fortunately, a better model for calculating the financial impact of improving customer satisfaction already exists in many call centers. Financial institution customer service call center representatives are increasingly being asked to serve a dual role – that of a solution provider and a salesperson. So, in addition to delivering a great and consistent customer experience when a customer calls about a specific issue or problem, the rep is then challenged to deepen the relationship by selling the customer additional products and services. This trend is more common with credit cards but it is being increasingly introduced in the banking environment. In a recent Maritz Poll of credit card and banking customers who phoned in for customer service, 36% of credit card customers and 25% banking customers were offered additional products or services during the course of their “service” call.

A call center which sells, in addition to servicing the customer, provides a perfect environment for calculating the financial impact of service levels. The purpose of the aforementioned poll was to measure how a call center rep’s level of service impacted a customer’s purchase behavior.

The Rep’s Role in the Sale

If a phone rep is to be a successful salesperson, they must be able to get customers to listen to the offer. This is a difficult task as the customer typically perceives the call to be complete when their original issue is resolved. The reps need to re-engage the customer just long enough to clearly and quickly deliver the offer. The level of service the rep provided during the initial service call substantially influences their ability to re-engage a customer and deliver the offer.

This conclusion was reached by performing a Maritz True-Driver analysis to identify the key components which predict whether a customer will even listen to the rep’s offer. The result – the rep’s performance on the call is by far the key driver of a customers’ willingness to listen (Figure 1).



■ Drivers of Listening Figure 1

Good rep performance leads to some very tangible sales benefits. In fact, 82% of customers who are satisfied with the rep will listen to the offer. This compared to only 53% of dissatisfied customers who will listen. Clearly, increasing customers’ satisfaction with the rep will help deliver the sales message more effectively.

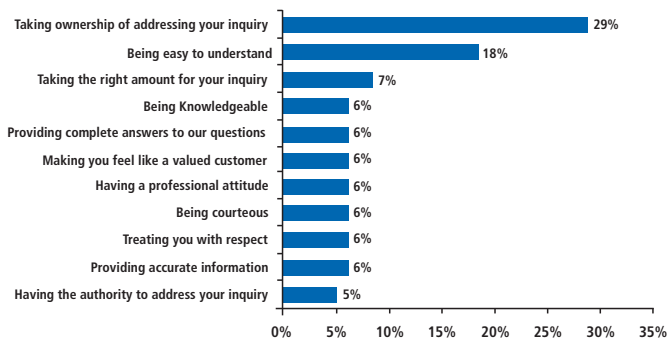
Rep performance in this analysis was a combination of 11 specific representative attributes; therefore we performed a second driver analysis to better understand exactly what part of the rep’s performance is most important.

As Figure 2 indicates, two key aspects are necessary for the customer to entertain the offer.

- Taking ownership of addressing your inquiry:** Customers want the reps to be fully engaged in trying to resolve their issue. The customer must feel the rep has done all they could to resolve their initial call before considering a cross-sell or up-sell offer. Although we did not break down "Taking Ownership" into more discrete behaviors in this particular study, behaviors that frequently contribute include:

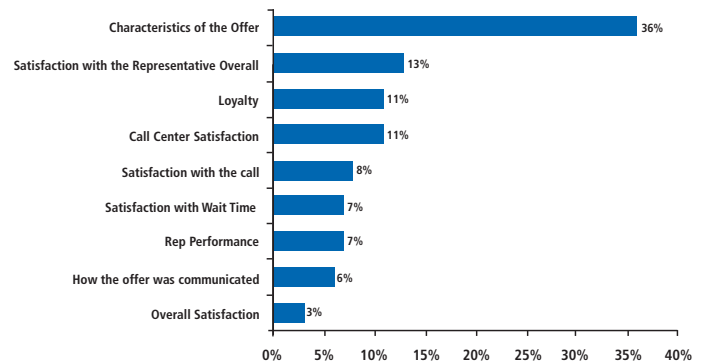
- o Listening to the customer's issues
- o Empathizing with the customer, if appropriate
- o Asking appropriate questions about their issue
- o Explaining to the customer what they are doing to resolve their issue
- o Resolving the customer's issue

- Being easy to understand:** Although typically less important in driving satisfaction, this is important in driving "listening to the offer". It appears customers may tolerate a rep that is hard to hear or difficult to understand in order to get their business resolved, but do not have such tolerance when listening to a sales pitch.


Figure 2

Reps play the key role in enticing a customer to listen to an offer, but they have less of an effect on whether a customer actually buys the offer. The key drivers of actual purchase is the nature of the offer itself, such as (Fig.3):

- Was it relevant?
- Was it attractive?
- Was there useful information provided?


Figure 3

The Financial Impact of Service

Call centers that sell in addition to providing customer service solutions provide a unique opportunity to calculate the financial impact of service performance. A rough estimation of the impact of customers' satisfaction with the call center reps can be calculated by using the results from the recent Maritz poll and some simple assumptions such as the average sales revenue or profit from a typical call center sale. For example, assume your call center handles one million calls. Based on the Maritz Poll results you might expect to have the following sales results:

Typical Financial Services Call Center (1 million customers)

73% will listen to your offer (730,000 customers)

15% of those who listen to the offer will buy it (109,500 sales)

This corresponds to approximately 11% of all callers who will accept your offer

If we break customers down between those who are satisfied with the rep and those who are not, we can see the impact service has on customers' propensity to accept the offer. Again, assume 1 million customers calling into your call center.

| Customers Satisfied with the Rep | Customers Dissatisfied with the Rep |
|--|--|
| 56% of all customers satisfied with the rep (560,000 customers) | 14% of all customers dissatisfied with the rep (140,000 customers) |
| 82% will listen (459,200 customers) | 53% will listen (74,200 customers) |
| 19% will buy (87,248 sales) | 8% will buy (5,936 sales) |
| Approximately 15% of customers satisfied with the rep will accept an offer | Approximately 4% of customers dissatisfied with the rep will accept an offer |

Satisfied customers are over three times more likely to accept an offer for additional products or services than customers who are dissatisfied with the rep. Using these industry wide numbers, we can calculate the sales impact an organization is likely to achieve if a call center can improve the satisfaction with the rep by five percentage points.

| |
|---|
| Impact of 5 percentage point Improvement Customers Satisfaction with the Rep |
| 61% of all customers satisfied with the rep (610,000 customers) |
| 82% will listen (500,200 customers) |
| 19% will buy (95,038 sales) |
| 7,790 additional sales due to the 5 point increase in satisfaction with the rep (approximately 9% improvement in sales) |

Drive Revenue Through Service

Financial institutions are increasingly calling on their service call centers to cross-sell and up-sell customers in addition to providing service for their initial concern. Our research shows the level of service call center reps provide has a significant effect on the likelihood of a customer to listen to and accept an offer. Customers satisfied with the rep are over three times more likely to purchase than are dissatisfied customers.

If a customer service rep does a good job of handling a customer's call they "earn the right" to present an offer to the customer. The offer itself, in order to increase the likelihood of purchase, needs to be:

- relevant to the customer,
- attractive to them, and
- presented with enough clarity and detail for them to make an immediate decision.

When your service centers sell, you have an excellent opportunity to measure the impact customers' satisfaction has on sales and to calculate the increase in revenue you should expect for implementing a program that improves customer service.

¹ Maritz Poll 2006

² Maritz Poll 2007