



# Five Opportunities For Quality To Have A Greater Impact On CX

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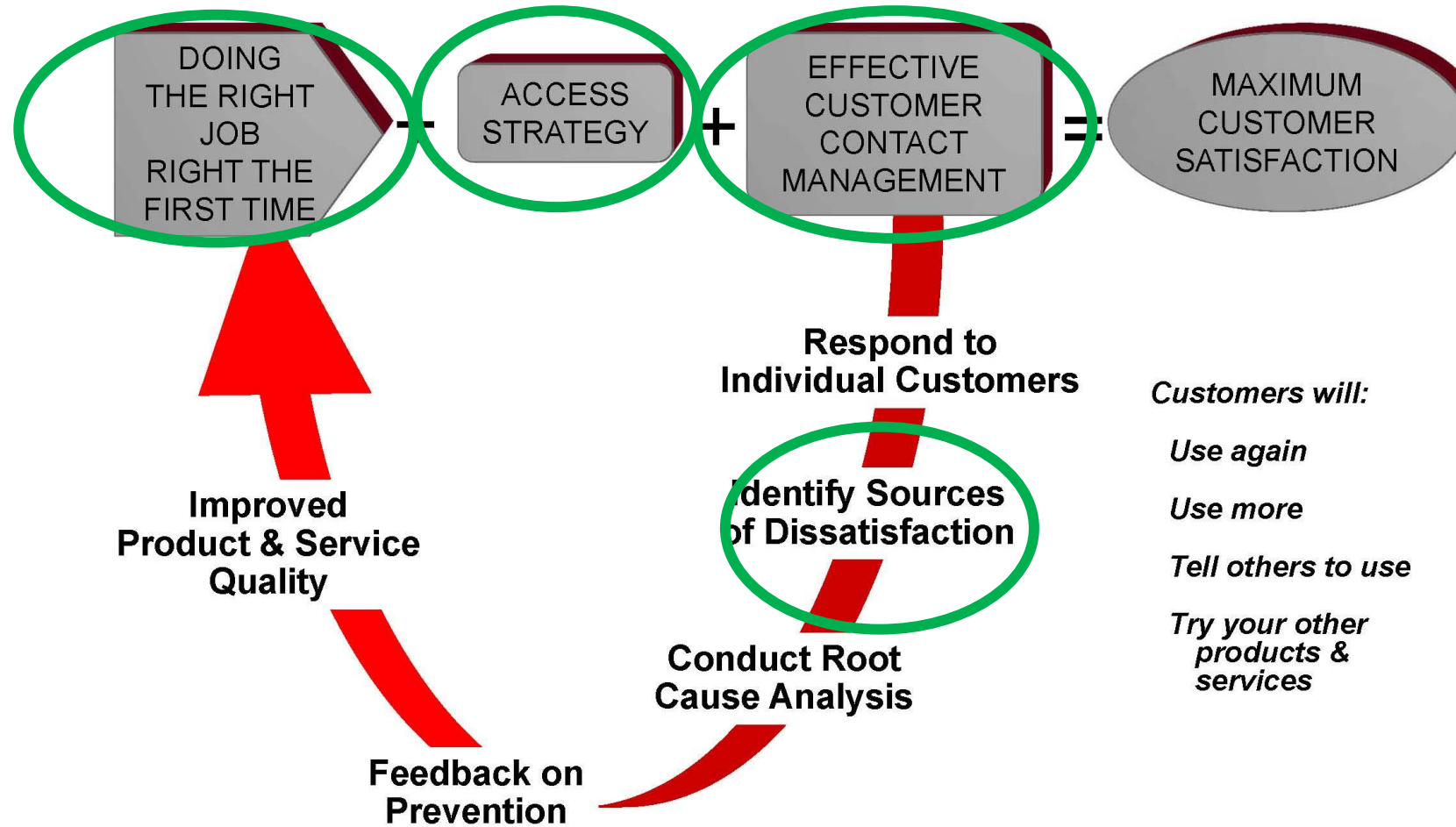
ASQ NJ

April 14, 2022

# Agenda

- Background of Customer Behavior
- New dimension of CX – Delight – Mechanisms and Impact
- Five Areas for Increasing CX impact
  - Sales and marketing transparency and enthusiasm
  - Prevention via customer onboarding and JIT communication
  - Internal service to allow rapid prevention and resolution
  - Enhanced response to issues, empowerment, ease and delight
  - Measurement and Expansion of Voice of the Customer Impact
- Creating a revenue-based compelling business case

# Context For CX, Prevention & Engagement



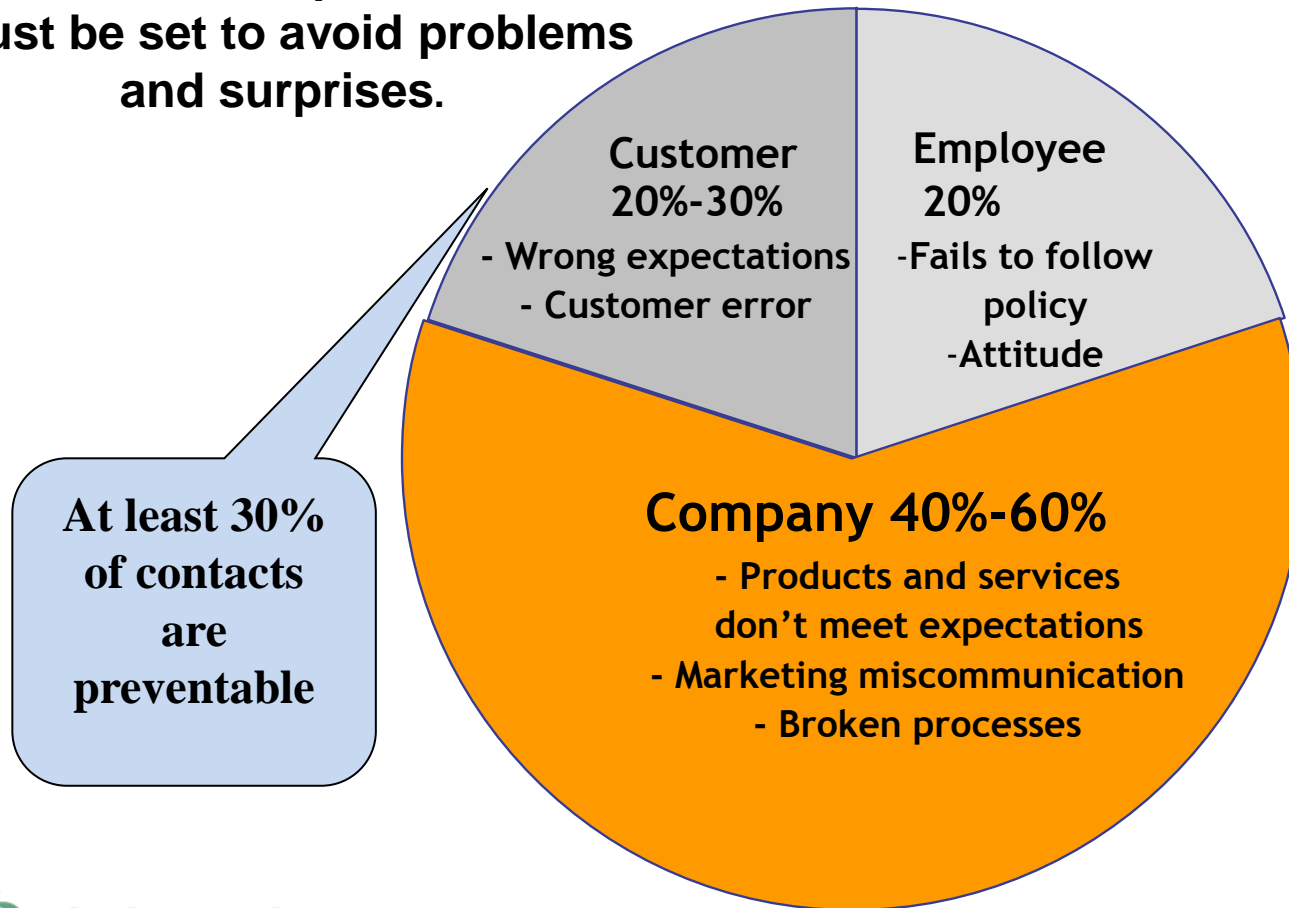
CX 3.0 Proactive, Preventive and Engaging



# Understand the Causes of Customer Dissatisfaction

**Customer expectations must be set to avoid problems and surprises.**

30% of business customers do not read the contract

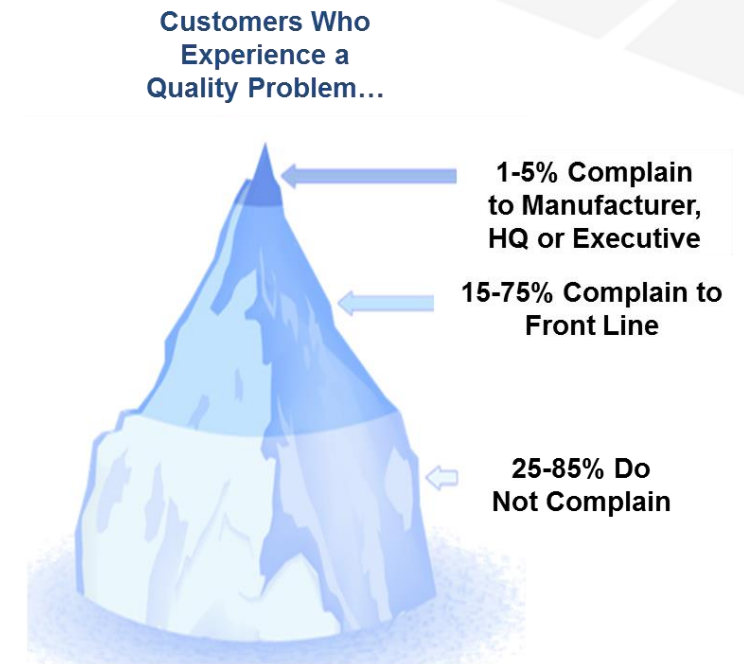


At least 30% of contacts are preventable

Product with unpleasant surprises, processes, and marketing create most unmet expectations.

# What Has Not Changed in Decades– Complaint Behavior

- Do not complain
  - Too much trouble
  - Will do no good
  - Don't know where to complain
  - Fear of conflict/sour relationship
- Ratio Complaints/Problems
  - Consumer 1:5-1:50
  - Business 1:3-1:20
- Word of mouth 1:3 good to bad – stories have more impact – WOM customers worth 25% more
- NOTE! Channels HAVE Changed – more digital – chat, social



# Study Methodology

- Survey conducted in April 2021
- Web-based, panel survey of 2,519 individuals with annual household incomes above \$100,000
- Roughly a 50/50 split of male and female respondents
- Sixty-six percent of the 2,519 respondents reported being delighted with a customer service experience in the past 12 months
- Those not delighted were used as baseline, asked about best service received in each industry













# Honesty and Transparency are Powerful Delighters

Type of Delighter	% Mentioned As Delighter	% Top Delighter
<b>Was honest - e.g., 'I'm so sorry our warehouse is understaffed and we are behind on shipments due to COVID-19'</b>	35%	10%
Offered good value for money – Gave me a great deal on price	34%	12%
Was enthusiastic - e.g., 'Let's get this done right now!'	33%	10%
<b>Was transparent with explanations - e.g., 'Here are three things you need to know to avoid problems with this product/service'</b>	29%	8%
Showed interest/concern - e.g., 'How is your kid doing with the flu?'	27%	6%
Created a fun or entertaining interaction	27%	9%
Was empathetic	25%	6%
Provided unique knowledge - e.g., providing golden nuggets of info i	25%	7%
Connected with you in a personal way - e.g., 'I've travelled with my 85-year-old father and I know how stressful it is'	21%	6%
Provided extra value - e.g., dog treats at Starbucks,	20%	7%
Utilized surprise - 'Thanks for waiting two minutes - your order is free	19%	6%
Gave you compliments - 'I love your voice, love your necktie/shawl	17%	3%
Sold other products or services that were useful/tailored to me	16%	4%
<b>Acted humorously - airplane 'If you're seated next to an adult acting like a child...'</b>	15%	2%
Exercised heroics - e.g., 'I'll bring this to your house myself	13%	4%



# People are the strongest source of delight – stronger than money!

Type of Delighter	DELIGHTED: % Definitely Would Pay More	DELIGHTED: \$ Amount Willing To Pay More
 Sold other products or services that were useful/tailored to me	66%	\$676
 Was transparent with explanations - e.g., 'Here are three things you need to know to avoid problems with this product/service'	41%	\$367
 Showed interest/concern - e.g., 'How is your kid doing with the flu?' 'That sounds like a cute dog there'	41%	\$329
Created a fun or entertaining interaction	45%	\$326
Utilized surprise - e.g., 'Thanks for waiting two minutes - your order is now free'	54%	\$322
  Offered good value for money	51%	\$321 
Gave you compliments - e.g., 'I love your voice, love your necktie/shawl'	49%	\$315
Connected with you in a personal way - e.g., 'I've travelled with my 85-year-old father and I know how stressful it is'	47%	\$314
Was honest - e.g., 'I'm so sorry our warehouse is understaffed and we are behind on shipments due to COVID-19'	54%	\$296
Acted humorously - e.g., saying on an airplane 'If you're seated next to a child or an adult acting like a child...'	44%	\$291
Exercised heroics - e.g., 'I'll bring this to your house myself this evening'	60%	\$289
Provided unique knowledge - e.g., providing golden nuggets of information you can use	45%	\$281
  Provided extra value - e.g., dog treats at Starbucks, no extra charge for an after-hours emergency repair	48%	\$268 
 Was enthusiastic - e.g., 'Let's get this done right now!'	42%	\$253
<b>OVERALL</b>	<b>48%</b>	<b>\$315</b>

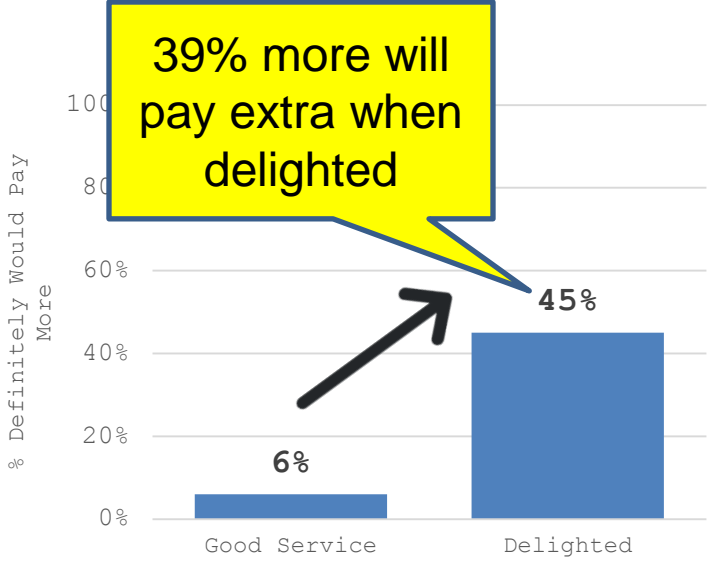


# Example: Implications of Delight in E-Commerce

Type Of Delighter	Overall	E-Commerce
Was honest	35%	47%
Offered good value for money	34%	40%
Was enthusiastic	33%	31%
Was transparent with explanations	29%	38%
Showed interest/concern	27%	27%
Created a fun or entertaining interaction	27%	19%
Provided unique knowledge	25%	19%
Was empathetic	25%	31%
Connected with you in a personal way	21%	17%
Provided extra value	20%	26%
Utilized surprise	19%	24%
Gave you compliments	17%	20%
Sold other products or services tailored to me	16%	17%
Acted humorously	15%	11%
Exercised heroics	13%	11%
Other	2%	4%

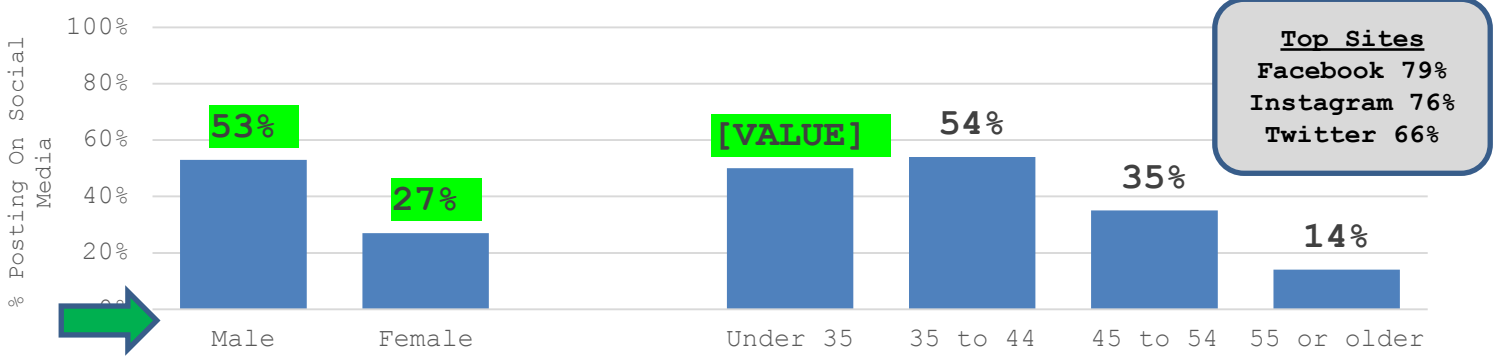
**Top Channels Of Delight**

- 37% E-mail
- 24% Live chat
- 18% Telephone



Measure	\$ Amount Willing To Pay More
DELIGHTED	\$459
GOOD SERVICE	\$185
BOOST TO FUTURE SPEND FOR DELIGHT	\$274
PERCENT INCREASE FOR DELIGHT	%148

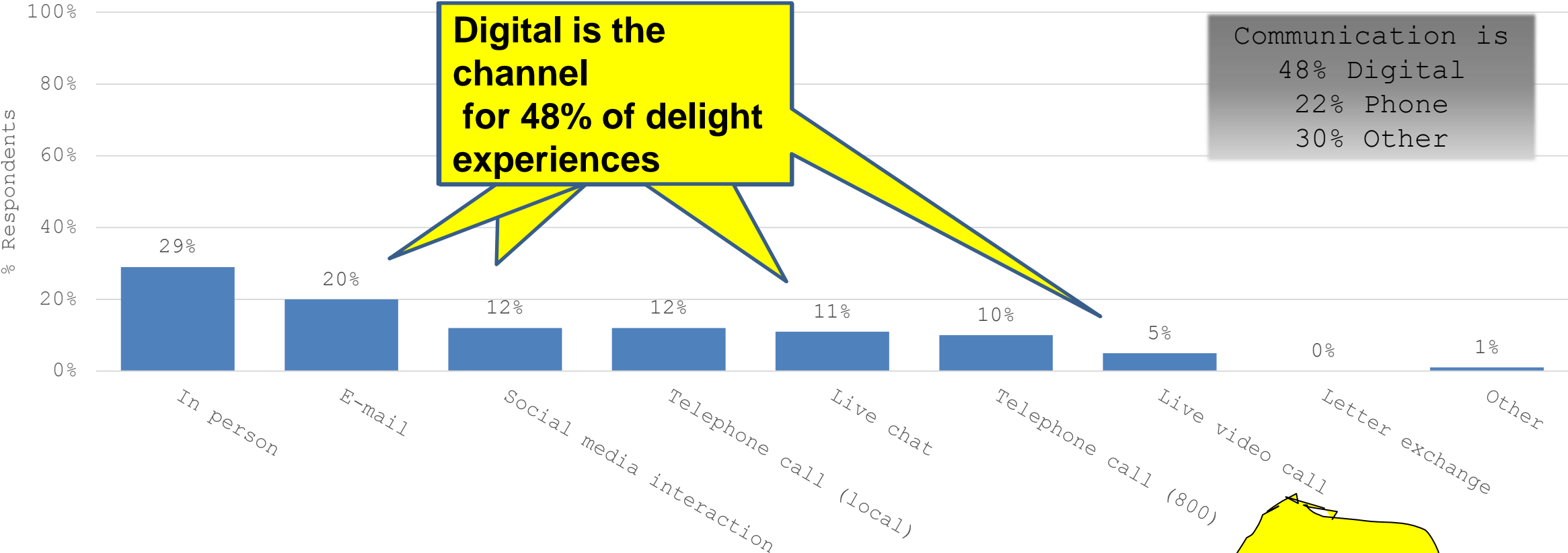
Begin with 1 delighted e-commerce customer...  
 69% spread positive word of mouth... to 4.7 people on average...  
 With 60% of those going on to purchase... **1.9 new customer purchases from WOM**



**Top Sites**

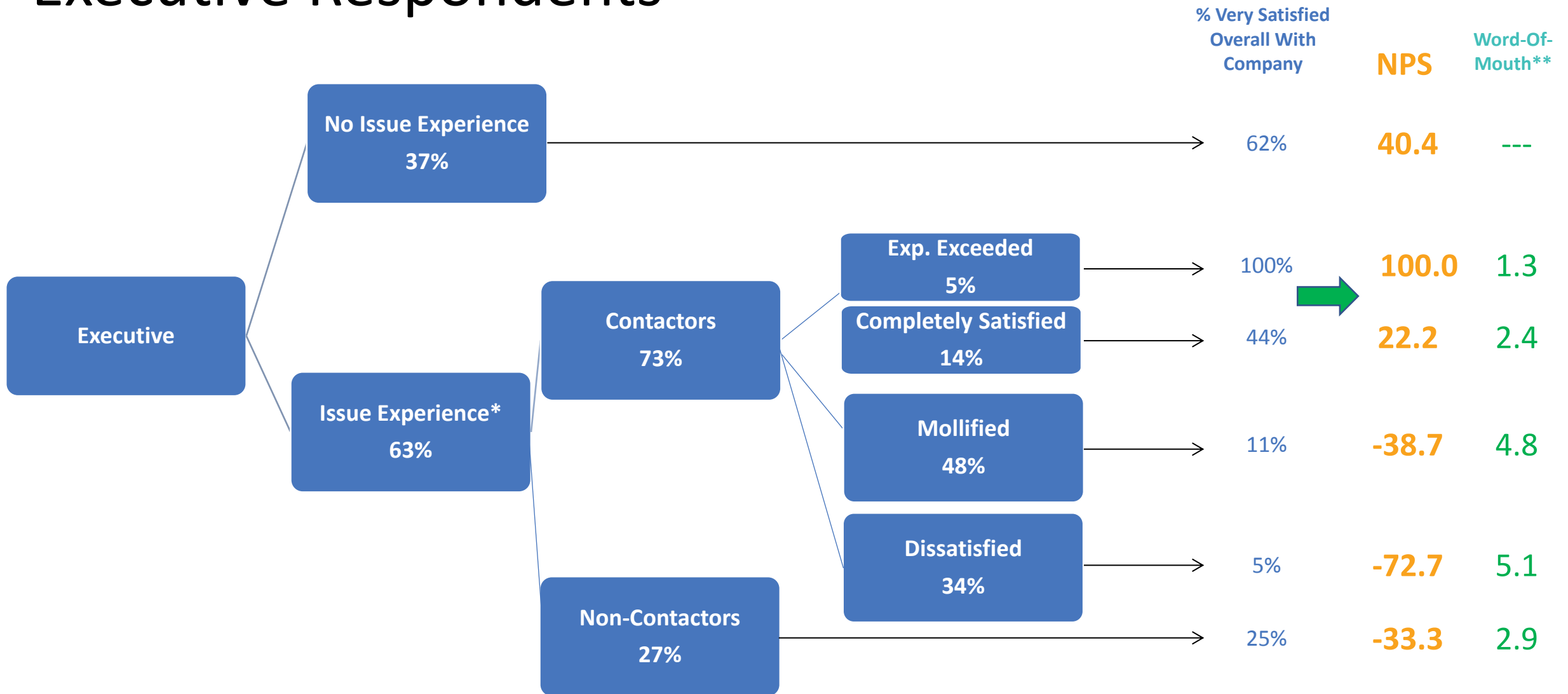
- Facebook 79%
- Instagram 76%
- Twitter 66%

# Digital Delight is as prevalent as telephone or in person



Survey Question: What was the PRIMARY way that you communicated with the company that caused this DELIGHTFUL CUSTOMER SERVICE EXPERIENCE?

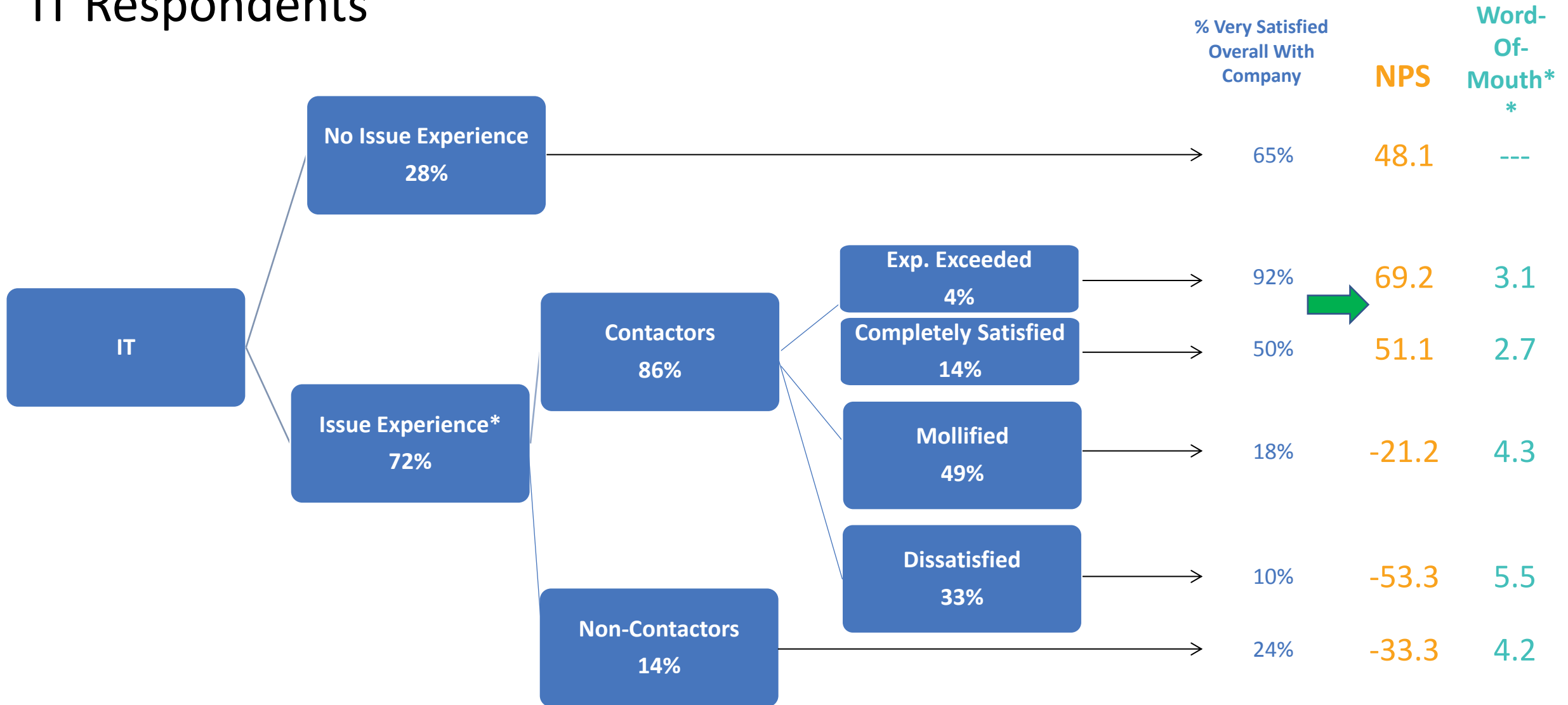
# Delight Also Applies to B2B – Major SaaS Vendor – Executive Respondents



\* In the past 12 months

\*\* Average number of peers or colleagues told about most important issue

# Delight Also Applies to B2B – Major SaaS Vendor IT Respondents



\* In the past 12 months

\*\* Average number of peers or colleagues told about most important issue

# Implications for Quality in 2022

- Quality is no longer physical, it is CX!
- Sales and Marketing must be part of quality
- Customer education and onboarding is key
- Quality includes internal and external service
- Measurement and Insights must include Delight on Scales
- Business case must include revenue and word of mouth - It's 10-20 X more profitable to deliver a great experience than a good one



# Five Opportunities For Quality to Impact the Customer Experience

# 1. Marketing & Sales Transparency

- Objection: Marketing says transparency is counterproductive, stifles creativity
- Transparency and honesty create trust and WOM referrals
- Here is the fine print/we know you don't like surprises
- Customers obtained via WOM are less price sensitive and worth 25% more than average new customer
- Sales rep time spent on problems and fire drills reduced – usually 10-20% - more time to sell

# Proactive Education – Best Defense is Good Offence

## **WE OFFER VALUE FOR YOUR MONEY**

**Our average hourly rate is only \$110 per hour and all this is included:**

- Over 200 Mercedes Loaner Vehicles
- Mercedes Factory Trained Technicians With The Most Up To Date Training
- Latest Diagnostic Tools and Information
- Metro Shuttle Service
- Genuine Mercedes-Benz Parts
- Waiting Lounge With TV and Complimentary Wi-Fi
- Fax/Scanner/Copy Services Available
- Complimentary Car Wash With Service
- Appearance Center For All of Your Vehicle's Cosmetic Needs
- Refreshments
- 1 Million Dollar Parts Inventory

**For Your Information Here Are Some Interesting Comparisons On Other Local Businesses:**

Local Plumber - \$165 Per Hour

Electrician - \$125 For The First Half Hour/\$45 For Each Additional Half Hour

Computer Programmer - \$110 Per Hour



# Educate The Customer – FedEx

Here Is  
What  
We Do  
To Smash  
Your  
Package!



The screenshot shows the FedEx website with a purple header containing the FedEx logo and navigation links for Shipping, Tracking, Printing Services, Locations, and Support. Below the header is a white navigation bar with links for Get Started, Fulfill Orders, Reach New Markets, and Specialized Services. The main content area features an article titled "Top Packaging Tips from a FedEx Packaging Lab Engineer" with a sub-image of a packaging lab. The article text describes the role of a packaging engineer and lists various environmental factors that can damage packages.

**FedEx.** Shipping ▾ Tracking ▾ Printing Services ▾ Locations ▾ Support ▾

## Top Packaging Tips from a FedEx Packaging Lab Engineer

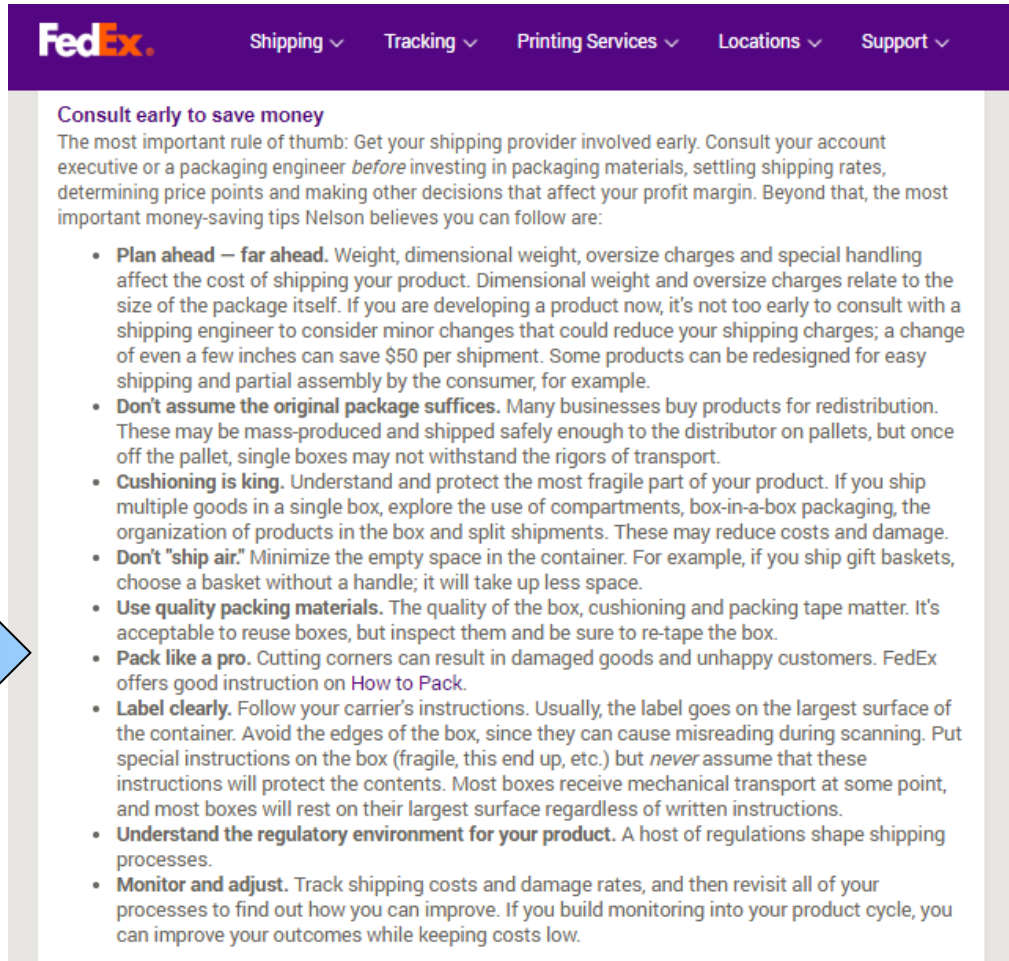
Get Started ▾ Fulfill Orders ▾ Reach New Markets ▾ Specialized Services

Dave Nelson, packaging engineer for FedEx, has the unusual job of trying to break things. He actually tests packaging and redesigns it to cost-effectively protect the contents. He's looked at packaging for everything from quarter-million-dollar INDYCAR engines to 75-cent coffee mugs, hens' eggs and seedlings. It's one of those unheard-of but important behind-the-scenes jobs that keep commerce alive.

Nelson extended this primer on some of the harms your package faces on its way from you to your customer.

- **Dropping.** Packages must have cushion for their contents that passes shock-test impact.
- **Vibration.** Conveyor belts, trucks and aircraft vibrate packages – often with surprising results. Jars can open, screws loosen, components unplug, edges come apart and soft material can rub to dust.
- **Compression.** Packages must be able to stand pressure from the top and sides as loads shift.
- **Temperature changes.** Season, geography, mode of transport and destination can mean dramatic temperature fluctuations. This can change the chemistry, bonds, contents and more.
- **Humidity.** Humidity can weaken boxes as they absorb moisture, and may cause condensation during environmental changes.
- **Air pressure.** Packages that move through elevation changes (by air shipment or through ground transit from low to high elevation) undergo pressure changes with unusual results. For example, a sealed bag of potato chips may inflate and pop at high elevations.

# Educate On Customer Responsibilities

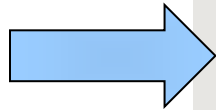


The screenshot shows the FedEx website's 'Support' section. The header is purple with the FedEx logo and navigation links for Shipping, Tracking, Printing Services, Locations, and Support. The main content area is white with a purple border. It features a section titled 'Consult early to save money' with a sub-header 'The most important rule of thumb: Get your shipping provider involved early. Consult your account executive or a packaging engineer before investing in packaging materials, settling shipping rates, determining price points and making other decisions that affect your profit margin. Beyond that, the most important money-saving tips Nelson believes you can follow are:'. Below this is a list of ten bullet points providing detailed shipping advice.

**FedEx.** Shipping ▾ Tracking ▾ Printing Services ▾ Locations ▾ Support ▾

**Consult early to save money**  
The most important rule of thumb: Get your shipping provider involved early. Consult your account executive or a packaging engineer *before* investing in packaging materials, settling shipping rates, determining price points and making other decisions that affect your profit margin. Beyond that, the most important money-saving tips Nelson believes you can follow are:

- **Plan ahead — far ahead.** Weight, dimensional weight, oversize charges and special handling affect the cost of shipping your product. Dimensional weight and oversize charges relate to the size of the package itself. If you are developing a product now, it's not too early to consult with a shipping engineer to consider minor changes that could reduce your shipping charges; a change of even a few inches can save \$50 per shipment. Some products can be redesigned for easy shipping and partial assembly by the consumer, for example.
- **Don't assume the original package suffices.** Many businesses buy products for redistribution. These may be mass-produced and shipped safely enough to the distributor on pallets, but once off the pallet, single boxes may not withstand the rigors of transport.
- **Cushioning is king.** Understand and protect the most fragile part of your product. If you ship multiple goods in a single box, explore the use of compartments, box-in-a-box packaging, the organization of products in the box and split shipments. These may reduce costs and damage.
- **Don't "ship air."** Minimize the empty space in the container. For example, if you ship gift baskets, choose a basket without a handle; it will take up less space.
- **Use quality packing materials.** The quality of the box, cushioning and packing tape matter. It's acceptable to reuse boxes, but inspect them and be sure to re-tape the box.
- **Pack like a pro.** Cutting corners can result in damaged goods and unhappy customers. FedEx offers good instruction on [How to Pack](#).
- **Label clearly.** Follow your carrier's instructions. Usually, the label goes on the largest surface of the container. Avoid the edges of the box, since they can cause misreading during scanning. Put special instructions on the box (fragile, this end up, etc.) but *never* assume that these instructions will protect the contents. Most boxes receive mechanical transport at some point, and most boxes will rest on their largest surface regardless of written instructions.
- **Understand the regulatory environment for your product.** A host of regulations shape shipping processes.
- **Monitor and adjust.** Track shipping costs and damage rates, and then revisit all of your processes to find out how you can improve. If you build monitoring into your product cycle, you can improve your outcomes while keeping costs low.



Here Are  
Your  
Responsibilities  
As Customer For  
Preventing  
Damage To Your  
Shipment

*It is OK to tell customer  
they have responsibilities*

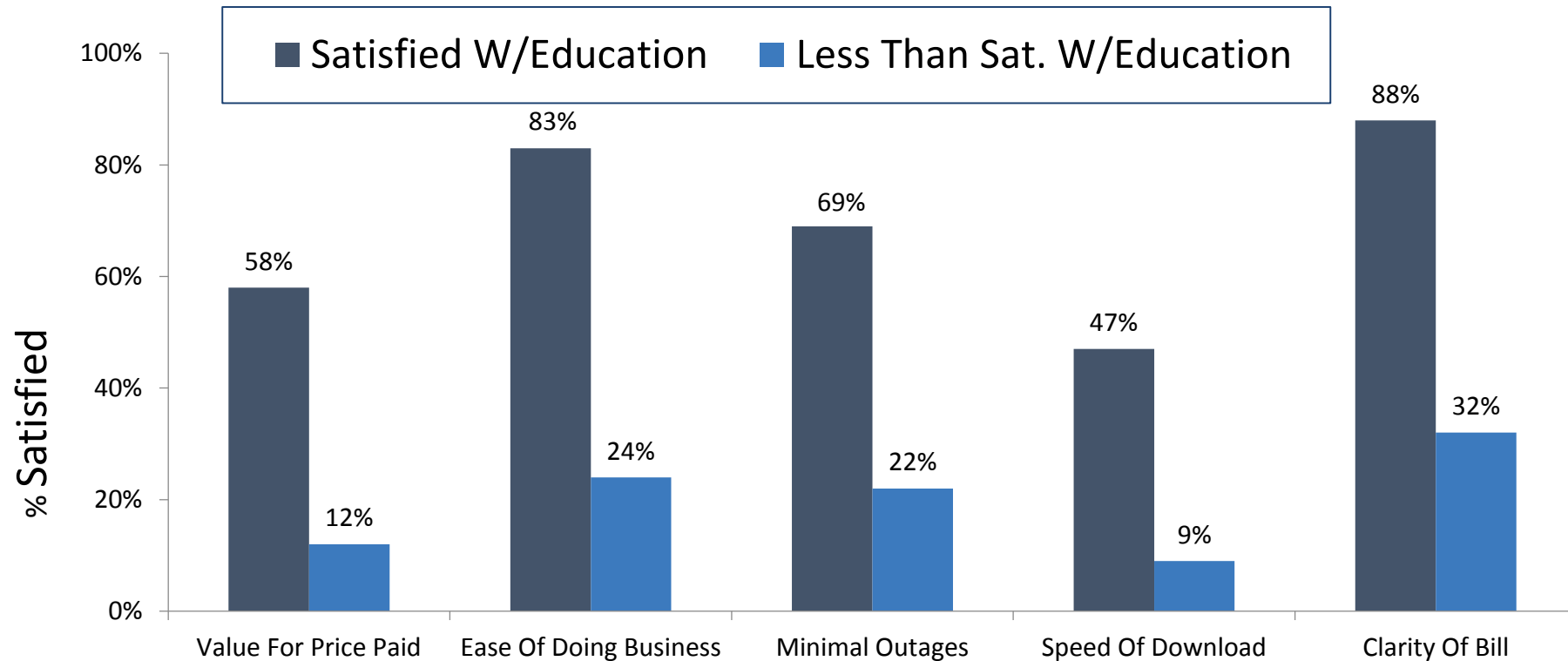
## 2. Onboarding

1. Flag Customers, ideally with personas
2. Motivate to get educated – scare, bribe, challenge
3. Provide basic education via multiple channels
4. Guide to self-service
5. Provide advanced education on features
6. Evaluation of which education worked and its impact

No one is accountable in most companies

Six steps for customer onboarding best practices - <https://bit.ly/3pBlumQ>

# Payoff of Effective Onboarding - 40% Increase Satisfaction With CX at ISP



**Successful Education Reduced Problems and Question by 40%**

# 3. Internal Service

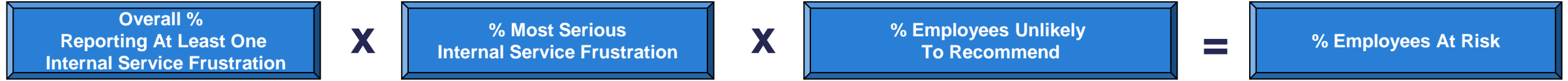
- Issue – unresponsive internal service, no or wrong information on production/logistics; surprises
- Causes
  - No accountability or communications standards or SLAs
  - No easy access to changes in production and supply chain schedules
- Opportunity
  - Quantify damage in terms of lost sales, wasted time on fire drills and employee frustration – e.g., electronics co – 2-day delay in quote loses the sale
- Actions to improve
  - Internal processes SLAs for information update and response
  - Metrics – occasions of wrong/stale data or lost sale due to slow response

# Cost of Wasted Time Per Month

POP	Median Occurrence Per Month	# Of Employees	Time Wasted Per Occurrence	Hours Per Month Wasted	Cost At \$80 An Hour
Access to info – inaccurate contact list	15	100	0.17 hr. (10 min)	250	\$20K
No/slow response to e-mails	16	100	0.5 hr. (30 min)	800	\$64K
Difficult Access to lead times	15	50	0.5 hr.	375	\$30K
				Total	\$114K Per Month



# Example Output



Overall % Reporting At Least One Employee Service Frustration	Internal Service Frustration	% Most Serious	% Will Not Recommend*	% At Risk
89.1%	1. Calls nor returned at all	6.1%	41.7%	2.2%
	2. Lead time	19.1%	12.8%	2.2%
	3. Failure to follow through on promised actions	5.1%	36.4%	1.7%
	4. Short shipments without notice	2.3%	60.0%	1.2%
	5. Difficulty escalating issues	1.5%	100.0%	1.5%
	6. Customers have been given incorrect expectations	7.4%	18.8%	1.2%
	7. Production changes without notice resulting in fire drill	4.7%	30.0%	1.2%
	8. Emails not answered in timely manner	3.7%	33.3%	1.1%
	9. Limited growth opportunities within my area	1.4%	66.7%	0.8%
	10. Must call or email multiple times to get something done	2.3%	40.0%	0.8%
	11. No response to emails	3.3%	28.6%	0.8%
	12. Production schedules	2.3%	25.0%	0.5%
	13. Other	6.4%	40.3%	2.6%
<b>Total % At Risk</b>				<b>17.9%</b>



## 4. Enhance Response

- Enhance self-service and digital ease
- Proactively /Just In Time response
- Empower with flexible solution spaces
- Weave in Delight actions at little cost



# Real Psychic Pizza – Reduces Uncertainty

**DOMINO'S TRACKER** Know the status of your order, from the moment it's prepared to the second it leaves our store for delivery or is ready to be picked up. [PICK YOUR THEME +](#)

ORDER PLACED    PREP    BAKE    QUALITY CHECK    DELIVERY

1    2    3    4    5

WE'RE FIRING IT UP - ANIL began custom-making your order at 7:02 PM. PATENT PENDING 4.0.0

[SHARE](#) Surf the web while you track your order. [SURF WITH TRACKER](#)

# Quicken Loan Tracker

Engineered by **Quicken Loans**

**my QL** Hello, Andy America

Select Another Loan



**1**

Documents Messages Loan Summary Closing **2** Talk to Us

**3**

Getting Started Working on Your Loan Closing Time

Step 1 Step 2 Step 3

**Update:** Welcome to the new and improved MyQL! Here you'll find updates regarding your loan progress. 5/21/2013 at 2:39 pm (ET)  

**You have no documents to return! >**  
You have no documents to E-Sign.

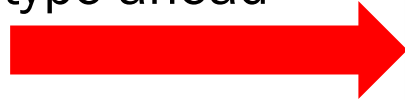
**You have no urgent messages >**  
You have no unread messages.

# Create Digital Ease of Access

- Provide all channels with preferred first – in front of customer when needed - Dyson, Valve Company
- Offer channels like chat and video chat
- Failed searches – things they can't find
- Lead customer by hand – here is answer to question and also to your next question which is X – SSA/HP

# Service Via All Channels: AARP Help Center Elements *help.aarp.org*

Dropdown keywords type-ahead  
drive search



Top demand drivers and  
questions asked



Top topics and transactions  
requested



Full range of service channel  
choices offered



Eliminated inefficient email interactions

The screenshot displays the AARP Help Center interface. At the top, there is a navigation bar with the AARP logo, a menu icon, and links for 'Help' and 'Member Benefits'. On the right side of the header, there are links for 'AARP Rewards', 'Register', and 'Login', along with a search icon. The main content area features a large hero section with the title 'AARP Help Center' and the subtitle 'Ask questions · Find answers'. Below this is a search bar with the placeholder text 'Enter keywords or phrases' and a search icon. The page is divided into several sections: 'Featured Articles' with a list of topics such as 'Show me my account info', 'I want to change my address', 'How old do I need to be to join?', 'Order a card for my spouse', 'Senior Planet events', 'Where's my free gift?', 'I lost my AARP card', 'We've lost a loved one', 'Get AARP Rewards gift cards', and 'Virtual Community Center'; 'Featured Help Videos' with two video thumbnails, one titled 'AARP Connections: Get Help, Give Help' and another 'Editing Your Name & Address'; 'Contact Us' with options for 'Phone', 'Chat', 'Social', 'Community', 'Text', and 'Request Help'; and a footer with links for 'About AARP', 'AARP Press Center', 'Careers at AARP', 'Membership', 'En Español', 'AARP樂齡會', 'Veterans Resources', 'AARP Rewards', 'Contact Us', and 'My Community Page'. A 'CHAT' button is visible in the bottom right corner of the footer.

# Proactive and JIT Communication

- Just in time education
  - Confirm appointment via preferred channel
  - Push information – preparing for installation
  - Offer channels like chat and video chat – failed searches
- Just in time status/changes
  - Sent directly to customer as well as service unit
  - On website to support self-service

# Human Support

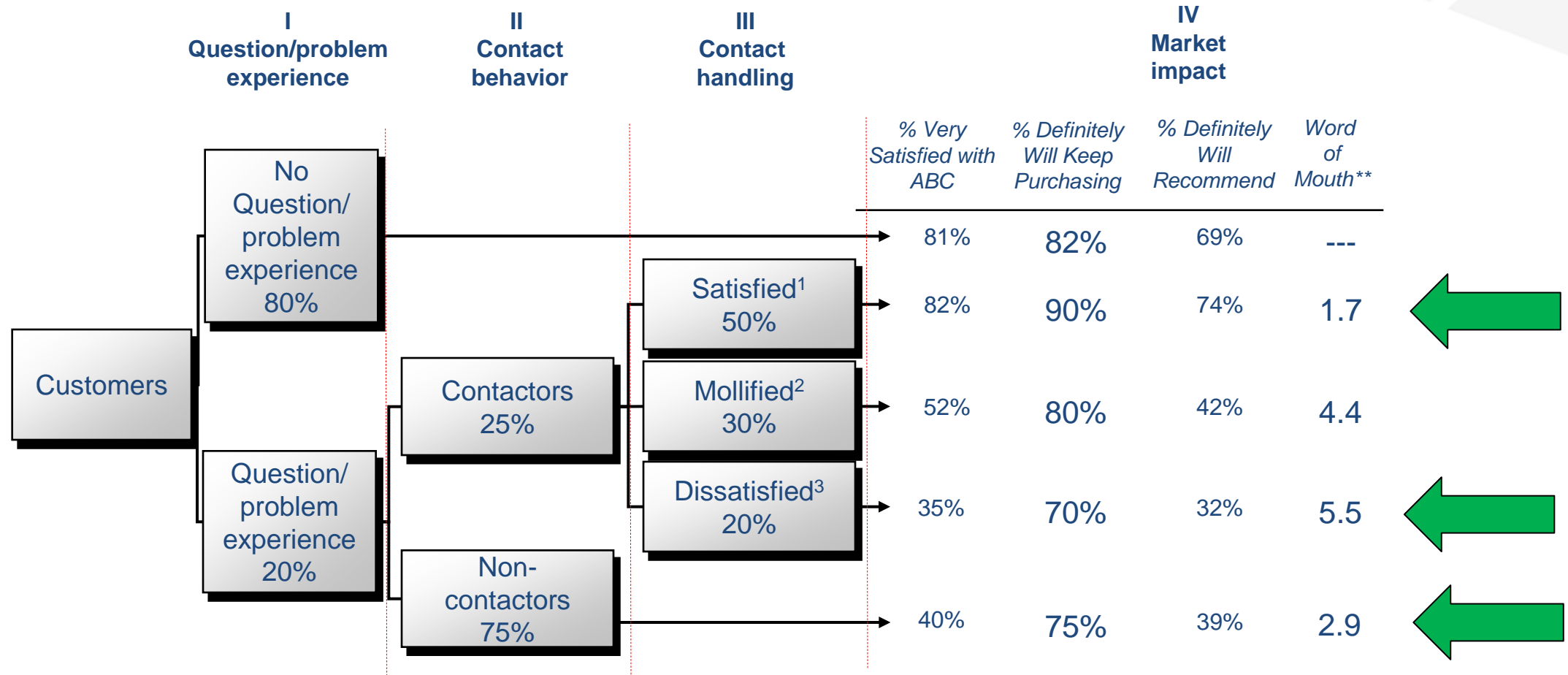
- Empowerment – e.g., take third party checks
- Weave in delighters
  - Enthusiasm
  - Empathy
  - Transparency, Education and Unique Knowledge
  - Cross-selling
  - Identification
  - Humor

VIPDesk and Beautycounter trained CSRs for two hours and achieved a 4-point increase in top box ratings from 84-88! (N=2500 contacts p=90%)

# 5. Measurement & VOC to Include Delight & Business Case

- Change the Scale
  - Change the label to delighted, or
  - Change scale to six point with 5 being completely satisfied
- Net Promoter Score and NPS 3.0 are blunt instruments
- Improvement comes only from fixing granular problems
- Measure problem occurrence, complaint rates, resolution, loyalty, revenue and word of mouth
- Position bad news = more revenue and profit
- Create a business case the CFO and CMO accept

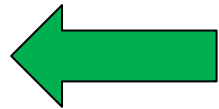
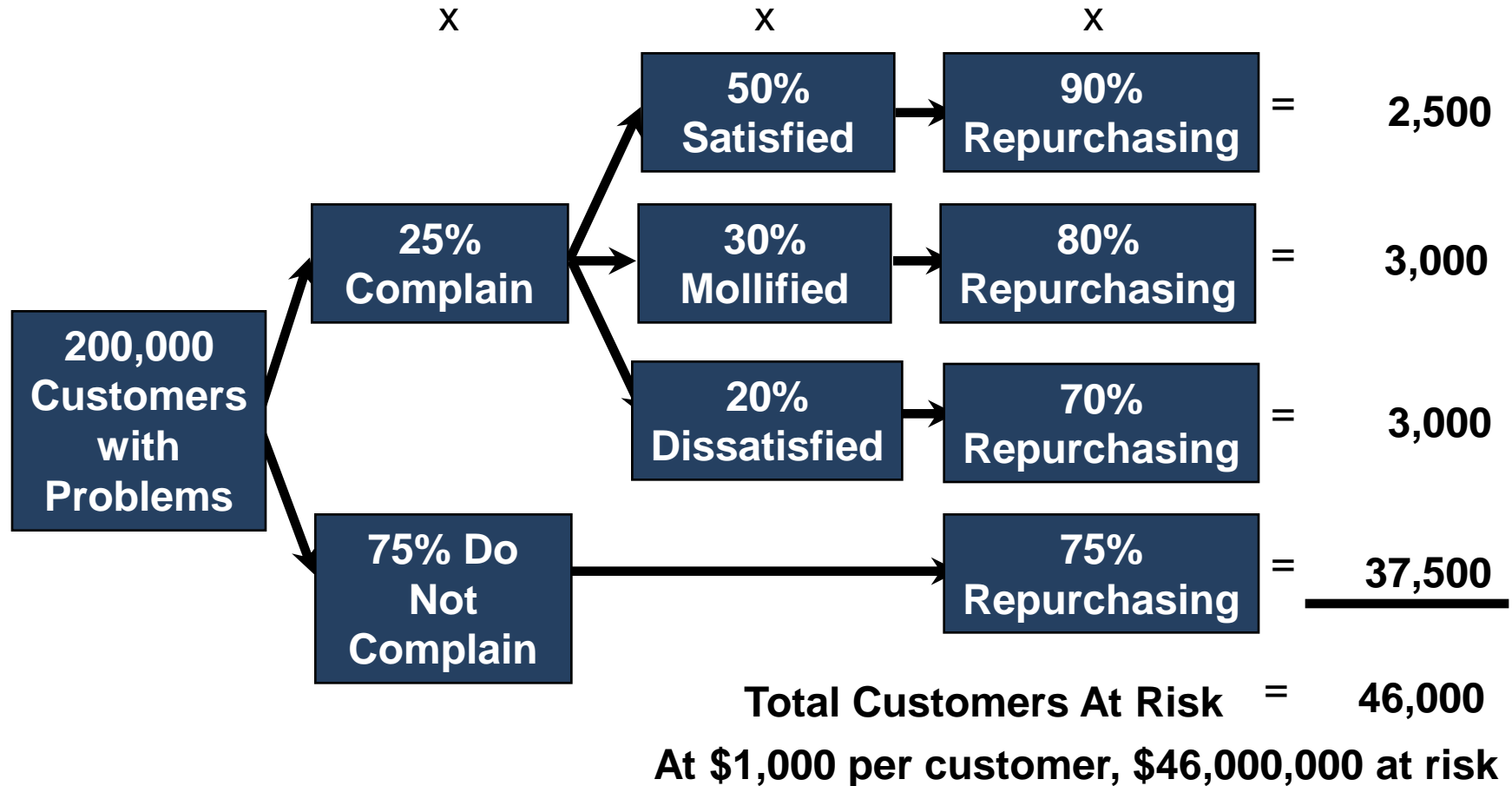
# Quantifying the Impact of Problems on Revenue/WOM



Three Strategies; Prevent problems, resolve problems, solicit complaints.

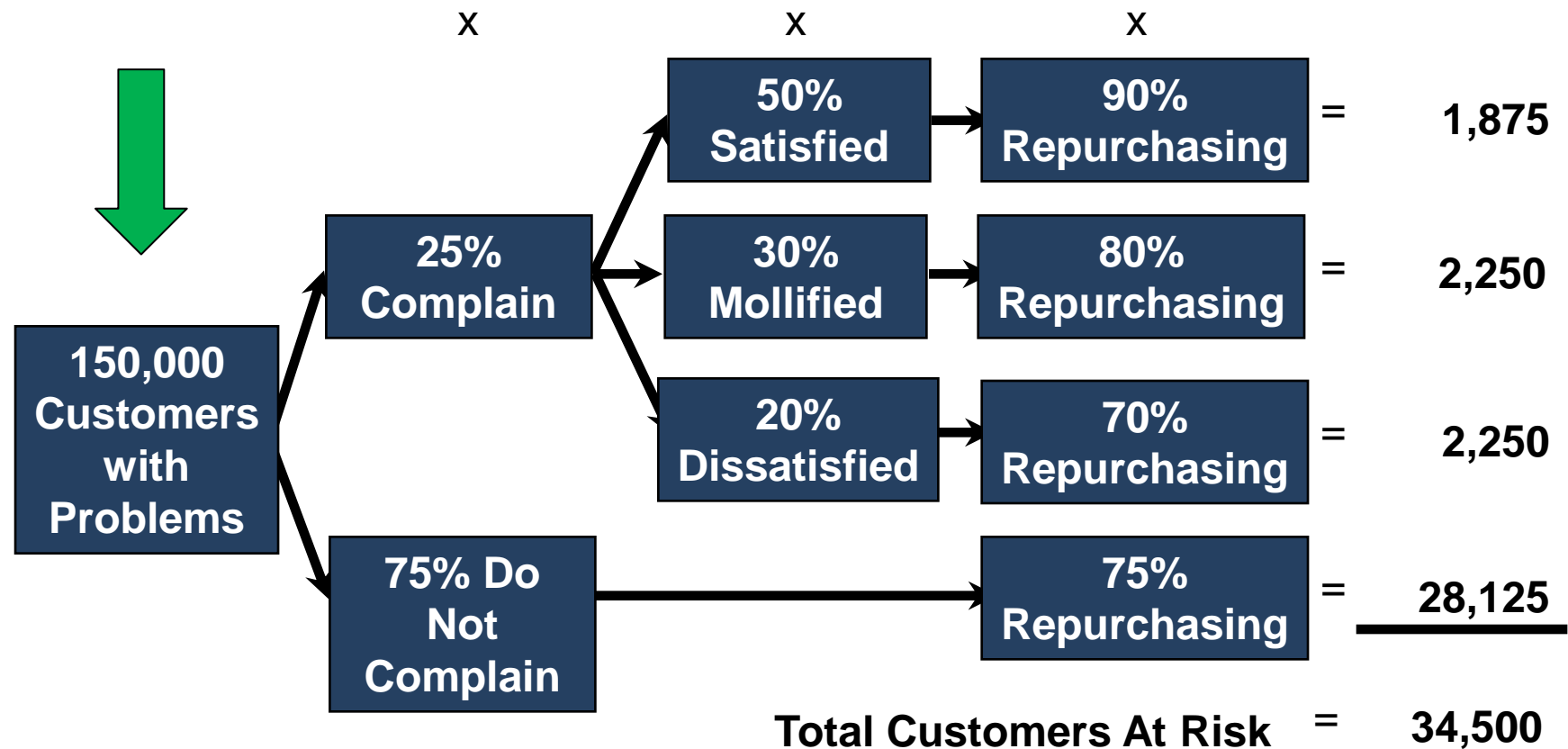


# Quantify Revenue Damage of Status Quo



Three strategies: Prevention, Solicitation of Complaints and Improved Response

# The Payoff of Prevention of 25% of Problems



At \$1000 per customer, add \$11,500,000 to top line revenue  
plus reduction of 12,500 calls

@ Gross margin of 25%, \$1MM spent on search and prevention = ROI of 187%!

# FedEx Customer Experience Survey

1. When a business person has an ongoing relationship with a company, questions and problems can sometimes occur. Please read the list below and check the box(es) that corresponds to any questions or problems you have had with FedEx in the past 12 months. *(Please check all that apply)*

## **LEARNING ABOUT/SHOPPING FOR FEDEX SERVICES**

- 1. FedEx Website did not have the tools/information I needed
- 2. FedEx Website difficult to navigate
- 3. FedEx Website information was unclear
- 4. Customer service representative could not explain service options
- 5. Sales person did not fully explain available FedEx services
- 6. Sales person not available
- 7. Rate information difficult to obtain (on-line, through Customer Service, through Sales, etc.)

## **BECOMING A FEDEX CUSTOMER**

- 8. Sales person did not understand our needs/requirements
- 9. Sales person did not know enough about FedEx services
- 10. Difficulty in setting up service/account
- 11. FedEx did not provide what the sales person promised
- 12. Difficulty getting rates or discounts applied
- 13. Hardware/software installation did not happen when scheduled
- 14. Hardware/software did not provide the functionality I needed
- 15. Took too long to install the FedEx hardware/software
- 16. Initial training (in person or via documentation/on-line) was inadequate

## **RECEIVING**

- 32. Delivery driver was not helpful
- 33. Package did not arrive on time
- 34. Took too long to track shipment
- 35. Difficulty tracking shipment at the FedEx Website
- 36. Not enough detail provided when tracking shipments
- 37. Not notified of a delivery delay
- 38. No proof of delivery provided/no delivery confirmation
- 39. Package arrived damaged
- 40. Package was lost

## **PROCESSING INVOICES**

- 41. Invoices difficult to understand
- 42. I was not aware of FedEx invoicing policies
- 43. Invoices inaccurate
- 44. Invoices were incomplete (e.g., lack all service and surcharges)
- 45. Unaware of additional charges allowed by my contract with FedEx

## **RESOLVING ISSUES**

### **Resolving Invoicing Issues**

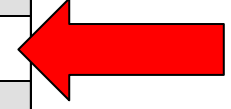
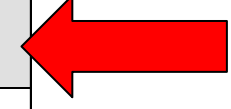
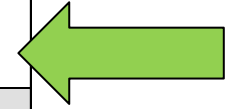
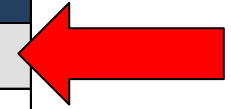
- 46. Difficulty understanding the invoice adjustment process
- 47. Took too long for FedEx to respond to invoice issue
- 48. Not kept informed during invoice adjustment process
- 49. Disagree with reason FedEx gave for adjustment denial
- 50. Requests for invoice adjustments are treated inconsistently
- 51. Received unnecessary collection calls or notices

### **Resolving Claims Issues**

- 52. Difficulty understanding the claims process
- 53. Difficulty completing/understanding the claims form
- 54. Took too long for FedEx to process claim

# Set Priorities Based On Revenue Damage & Customers At Risk - B2B Technology

<i>Overall % w/ problem (45%)</i>	<i>% Problem<sup>1</sup></i>	<i>% Won't recommend<sup>2</sup></i>	<i>% Customers potentially lost</i>
Meeting promised delivery dates	27	10.5	1.3
Product availability within desired time frame	23	0.0	0.0
Meeting commitments/follow through	21	30.0	2.8
Equipment/system fixed right first time	20	22.2	2.0
Adequate post-sale communications	19	10.0	0.9
Returning calls	16	33.3	2.4
<b>Minimum customers at risk</b>			<b>9.4%</b>



# Summary

- 3 Strategies: Prevention, Enhanced Response including Delight, Surface more dissatisfaction and complaints
- Five Areas for Greater Quality Impact on CX
  - Sales and marketing transparency and intelligent cross-selling
  - Customer onboarding
  - Internal service
  - Enhancing service to include delight with empowerment
  - Include delight in Voice of the Customer
- Key to impact: Understanding and quantifying the revenue and WOM based business case for granular problems
- Bad News Does NOT Get Better With Age – Appeal to Greed

# Questions and Complaints?

For Delight Studies and Industry-Specific Data,  
draft of new *Quality Progress* article & economic modelling

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