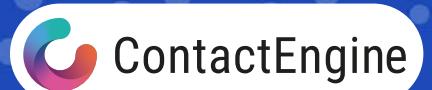


• delineate  
CUSTOMER EFFORT INDEX

# You keep me hanging on



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# Foreword

'We live in interesting times' is an overused aphorism for a world during a pandemic. That said, moments of mass change will often lead to seismic shifts in the way people behave. The origins of institutions like the United Kingdom's National Health Service came about in 1948 post the carnage of the Second World War, the first time anywhere in the world that completely free healthcare was made available to citizens irrespective of insurance or income.

COVID-19 has all the hallmarks of a new earthquake in the ways that citizens engage with brands. Lives suddenly became much busier and more stressful for many and time pressures were made more intense as brands sought to 'catch up' to massive supply and demand fluxes.

This was why ContactEngine were so pleased to sponsor this research project by Delineate. We are fascinated to see what changes lockdown has wrought on people's attitude towards the providers of products and services they use. How would a poor connection, a lousy delivery, a much-needed repair or a poor product/service be received by people?

The results are fascinating. The move away from the blunt instrument of 1-10 scoring as a marker for a company's performance towards the more nuanced and insightful Customer Effort measure is clearly the way forward and this massive survey proves it.

I commend this report to you – it is one of the largest of its kind and the results will form a foundation for new and better customer experience thinking post-COVID.



**Professor Mark K. Smith,  
CEO ContactEngine**



## Easy Street

Finding the path of least resistance for customer loyalty

Many of us have been there. On hold, or patiently waiting for the customer service agent to respond to our chat query. We may have encountered some kind of resistance when dealing with a contact center or trying to navigate a brand's website. We've had times when it's been a simple, straightforward contact, and times when it has felt like trying to navigate a labyrinth of red tape and unhelpful responses.

We recognize instinctively the difference between a positive and negative customer experience.

The Delineate Customer Effort Index puts the numbers to how customers feel when they interact with brands. The days of simply measuring if

a customer is satisfied, or whether they would recommend a brand to a friend, have passed. Customers are more sophisticated now. They have deeper expectations of their brand experiences. And as automation continues to simplify our lives, customers increasingly insist that their interactions with brands, for whatever reason, should be frictionless.

**The refocus on 'effort' has implications for the way brands manage their customer interactions.**

# On average 30% of brand loyalty depends on customer 'effort'

Our research proves that 'effort' - the combination of a satisfactory outcome, ease of the customer journey (feeling valued and achieving a resolution), and appropriate involvement of a customer agent, contributes to almost a third (30%) of brand loyalty.

This refocus on 'effort' has implications for the way brands manage their customer interactions. The perception of being 'difficult' to interact with negatively impacts over half of all 'effort' driven customer loyalty. As touchpoints and interactions become more varied, it's vital that brands pay close attention to the fundamentals of customer service. Our research shows that brands in the US and UK are failing to meet the basic communication needs of their existing and potential customers.

This research covers 113 brands and more than 27,000 brand interactions across the US and UK in five key business sectors: telecommunications, media/entertainment, technology retail, food/grocery delivery, and non-food delivery. We wanted to understand what 'effort' means to the customer, and our findings reveal several key lessons for brands to consider.

What is clear is that brand interactions should be as effortless as possible, and yet there are pitfalls in the experience that are making customers feel undervalued. The key to building brand loyalty in the 2020s lies not just in focusing on satisfaction, but also in minimizing the effort for customers.

Large-scale online survey	5 categories	Broad coverage
<ul style="list-style-type: none"><li>• Representative samples of adults 18+</li><li>• 10,057 online interviews</li></ul> <p> US 5,053  UK 5,004</p>	<ul style="list-style-type: none"><li> Telecommunications</li><li> Media &amp; entertainment</li><li> Technology retail</li><li> Food delivery</li><li> Non-food delivery</li></ul>	<ul style="list-style-type: none"><li>• 113 brands evaluated</li><li>• 27,000+ individual recent brand interactions</li></ul>

# The Satisfaction Myth

## A shift to effort and the new challenges for brands

There was once a time when all a brand wanted was a satisfied customer. In the seemingly simpler time of the 1990s, satisfaction was considered the top priority for brands to ensure customer retention. As we moved into the 21st century the focus began to shift. We measured customer engagement through a recommendation score. Businesses sought to surprise and delight the customer so that they would spread the good word of their experience to family and friends. Brands wanted customers to become advocates for their services. But in the 2020s, these models of customer experience (CX) are no longer enough. We are now in the age of effortless interaction.

As technology has evolved and integrated into our lives, so customers have become used to frictionless services. Our homes are becoming smarter, our entertainment and food choices are a mere click away. The drive to online has been cemented by

the social restrictions of a global pandemic. The bar has been raised across the board and we've come to expect a seamless experience in all parts of our lives. This includes how we interact with brands, both as consumers and in our business-to-business connections.

### Enter 'Effort'

Effort is more than just how easy or difficult an interaction is. Effort is more complex and begins with considering the satisfaction with the outcome of the most recent interaction. This satisfaction is in turn formed of whether the brand communicated in way the customer understood and demonstrated that the context of the interaction was considered.

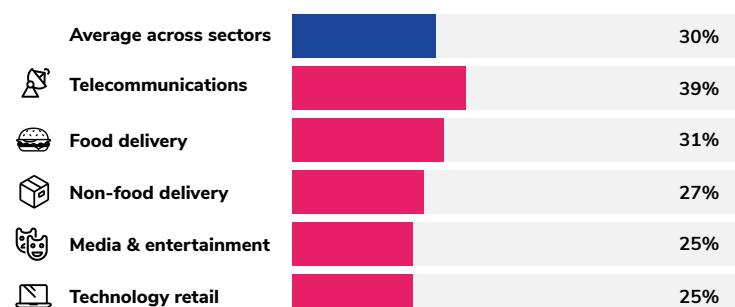
Brands must then be seen to offer the customer the right choices at the right time, neither too complex, nor overly simple. The interaction must be respectful of the customer's time by reducing the burden on the customer such as finding information, logging in or waiting for an agent should be minimized. The very fact that the customer must make time for the interaction is in question.

Finally, customers want digital and self-serve. They only want help from a human on their terms and only for specific types of interaction.

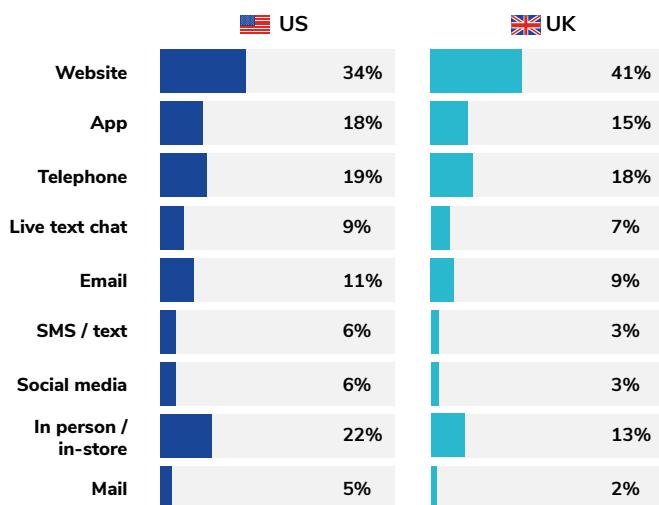
Our data-driven Customer Effort Model (see pg. 11) accounts for, on average, 30% of overall brand loyalty. While achieving a satisfactory outcome from a recent transaction accounts for a third (33%) of the impact on this segment of brand loyalty, over half (51%) is attributed to the ease of interaction.

Ease is all about how valued a customer feels. For example, how straightforward was the customer experience? Was appropriate information available and accessible? Were the options presented clear and relevant, and were customers able to quickly resolve their queries, preferably on their first interaction?

**Fig. 1.1 Contribution of 'Effort' in explaining Brand Loyalty**



**Fig. 1.2 Channel of most recent interaction with brands**



## Interaction Types and Reasons

An interaction is, quite simply, any form of 'contact' between the brand and customer. Interactions can happen for almost any reason (from the simplest of website visits to the solving of a complex problem) and take place across a wide variety of channels.

**The perceived difficulty for a customer to satisfactorily complete their transaction has significant impact on brand loyalty.**

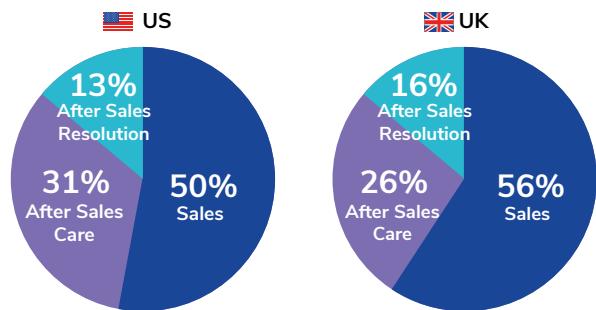
The range of channels that customers use to interact with brands reflects not only the variety of available options, but also the preferences of consumers to use their method of choice. Websites and apps are key - websites being used in 37% of all interactions, and apps in 17%. Traditional methods like the phone (19%) and face-to-face/in-store visits (17%) are still common. But live text chat, SMS and social media together account are gaining popularity, and account for 10-15% of all interactions.

This is broadly consistent between the US and UK, with some slight variation (see fig 1.2). Loyalty can be decided at any number of these interaction points.

The reason to interact falls into three broad categories. More than half of interactions with a brand (53%) are for sales purposes, ranging from making a purchase (28%), to renewing a contract

(5%), right down to researching a brand's offer more generally (1%). Almost a third (29%) interact for general after-sales care, such as chasing a delivery or managing payments. The remaining 13% interact for an after-sales resolution to an issue or problem, such as a service outage. These reasons for interaction are similar between the US and UK, with only slight country variation (see fig 1.3).

**Fig. 1.3 Reason for most recent brand interaction**



## The Customer Makes the Effort

Despite the variety of reasons and types of interaction, one thing remains consistent for customers. They are the ones driving the contact. Only one in every ten interactions are driven proactively by the brand, leaving 90% of contacts made by the customer. This might be expected, given that these interactions include sales contacts. But the figure is not wildly different for after-sales care, with 85% of these still being inbound interactions from the customer.

What is clear is that no matter the reason for the interaction, or the manner in which someone connects with a brand, the core needs of customers are not always met. Brands are failing to provide a consistent experience. It is this effort, the perceived difficulty for a customer to satisfactorily complete their transaction, that has a significant impact on brand loyalty.

**Fig. 1.4 Pro-active or Reactive Nature of Contact**



# The Ease Factor

## The pitfalls of difficult interactions

Customers have a number of basic requirements they expect from an interaction, and these are often missed by brands. In almost a quarter of interactions (23%) the customer has had to make multiple previous contacts with the brand in order to conclude their business. Customers feel that their interactions take too long (19%), and many queries (6%) remain unresolved at the end of the session.



Unsurprisingly, some brands make interactions easier for their customers than others. Spotify, Amazon Pantry and eBay in the US, and Amazon, John Lewis and Disney in the UK, all rank highly among customers when it comes to ease of effort. Whereas TalkTalk, Virgin Media and Uber Eats are perceived as more challenging to deal with.

Fig. 1.5 Customer Effort Index

### Top brands in the US

Telecommunications	Media & entertainment	Tech retail	Food delivery	Non-food delivery
• T • Mobile 86	Spotify 95	Microsoft 90	amazonfresh amazonpantry 92	eBay 93
verizon 84	prime video 93	amazon 89	Domino's 92	amazon 92
dish 83	apple MUSIC 93	apple 88	target 89	target 91

### Top brands in the UK

Telecommunications	Media & entertainment	Tech retail	Food delivery	Non-food delivery
E E 82	Disney 90	amazon 87	Sainsbury's 88	john lewis 91
vodafone 80	prime video 88	SAMSUNG 86	amazonfresh amazonpantry 87	amazon 89
O <sub>2</sub> 78	NETFLIX 88	apple 85	iceland 87	M&S 88

## Dissatisfying Meets Difficulty

There are many reasons why customers feel brands under-perform. These include lack of clarity, politeness of an agent, and being left on-hold or in a queue for an excessive amount of time. The top five reasons why companies are failing are:

### 1. It takes too long

In almost half (49%) of interactions rated as 'difficult', the customer said it took too long for the matter to be resolved.

### 2. Not right first time

In 46% of 'difficult' interactions, - the customer rated the ability of the brand to resolve their issue on the first contact as either 'terrible' or 'poor'.

### 3. Not feeling valued as a customer

In 43% of 'difficult' interactions, the customer rated feeling "valued or important as a customer" as 'terrible' or 'poor'.

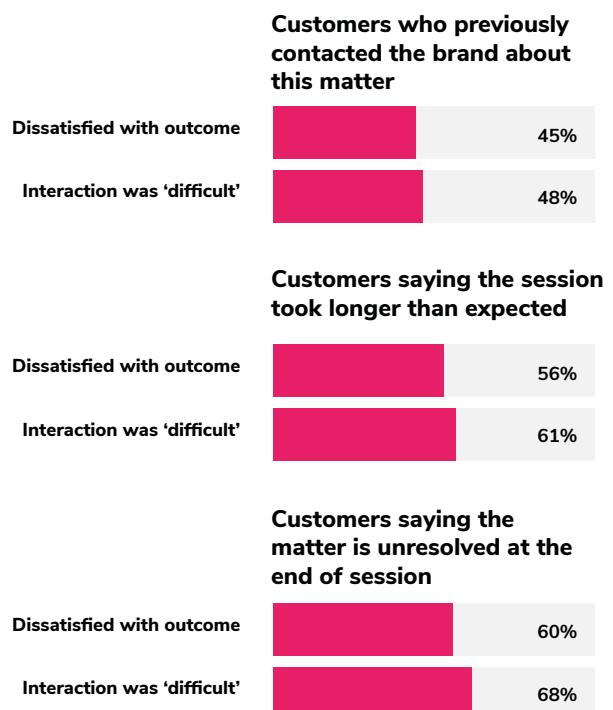
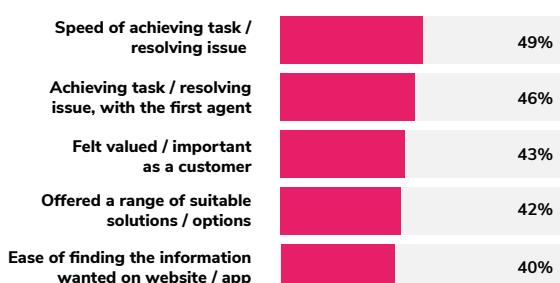
### 4. Not offering the right solution

When asked about the range of appropriate solutions and options presented, 42% of customers experiencing 'difficult' interactions believed they were not offered the right solution.

### 5. Not getting the information needed

Two in every five customers experiencing 'difficult' interactions (40%) said they didn't get the information they were looking for from the brand.

**Fig. 1.6 Dimensions described as 'terrible' or 'poor' (among those experiencing 'difficult' interactions)**



Getting these basics wrong not only creates a feeling of dissatisfaction in the customer but creates a sense that the brand is 'being difficult'. For customers who say their reason for contact remained unresolved at the end of the interaction, 60% were dissatisfied with the outcome. But 68% said that they felt the interaction was 'difficult'.

Clearly, satisfaction with an outcome and the ease of achieving that outcome are related. Our analysis shows there is similarity between the factors that drive satisfaction and those that drive a sense of ease or difficulty. But the two do not always go hand in hand. Just over half (55%) of customers who were dissatisfied with an outcome rated that interaction as difficult. However, one in four (25%) thought it was 'easy' to arrive at a dissatisfactory outcome.

## It's Not Just Complaints

Dissatisfaction is not just about complaints and problems. 37% of interactions resulting in an outcome the customer found dissatisfactory were for sales. This compares with 26% for after-sales care interactions, and 31% for after-sales resolution interactions. Low effort is a key part of the whole customer experience. For example, even if the interaction is a positive sales opportunity there are pitfalls that can make the interaction feel difficult and dissatisfying. The customer may not get their outcome immediately or may be offered irrelevant advice and information.

A positive interaction is a combination of multiple factors and brands need to work hard on a number of levels to maintain customer loyalty. Customers

have evolved to expect more than just an efficient process. They still need to be satisfied, but that satisfaction must be "easy" to achieve, whilst providing a sense of personalization and relevance. Technology and automation are key here, adding to a more effortless experience, saving human interactions for more complex situations.

It will be interesting to see how customer experience evolves as the lines between sectors become increasingly blurred. The companies already making things effortless, like Microsoft, Amazon, and eBay, are growing their reach into new markets. Will they bring their tech savvy and streamlined experiences with them, making it harder for more traditional customer experience models to survive?

Fig. 1.7 Customer Effort Index

### Bottom brands in the U.S.

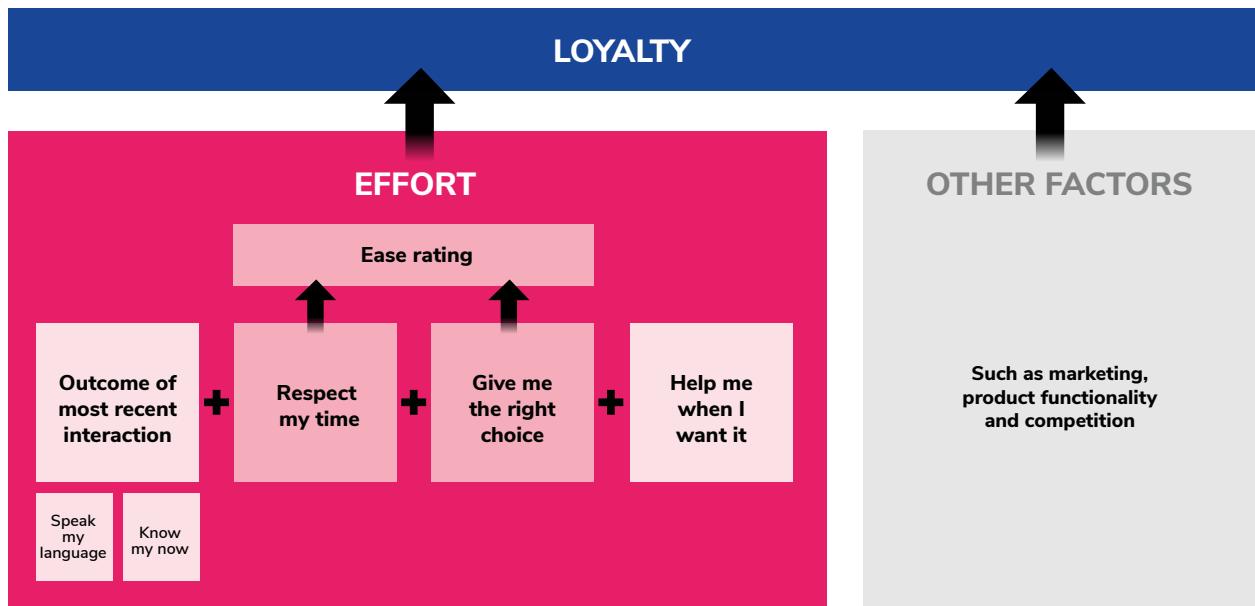
Telecommunications	Media & entertainment	Tech retail	Food delivery	Non-food delivery
Time Warner Cable   Spectrum ▾ 74	DIRECTV ▾ 74	chromebook ▾ 82	Postmates ▾ 77	BEST BUY ▾ 84
Frontier COMMUNICATIONS ▾ 74	Time Warner Cable ▾ 68	TOSHIBA ▾ 77	jet ▾ 76	Office DEPOT ▾ 82
COX ▾ 68	comcast ▾ 67	acer ▾ 77	HOME CHEF ▾ 76	sears ▾ 74

### Bottom brands in the U.K.

Telecommunications	Media & entertainment	Tech retail	Food delivery	Non-food delivery
3 ▾ 73	sky ▾ 75	ASUS ▾ 74	HELLO FRESH ▾ 81	ASOS ▾ 83
Virgin media ▾ 65	BT TV ▾ 74	chromebook ▾ 68	Morrisons ▾ 80	SPORTS DIRECT ▾ 79
TalkTalk ▾ 64	Virgin media ▾ 59	TOSHIBA ▾ 67	Uber Eats ▾ 77	boohoo ▾ 78

# The Effortless Experience

Make the customer's life easier by minimizing effort



Our analysis shows that satisfaction alone is not enough to explain whether interactions are considered 'successful' and positive. A sense of the interaction feeling 'easy' was similarly not enough by itself. Ease, speed, clarity, efficiency. These elements combine in a complex manner to create a macro sense of "effort" for the customer to achieve the outcome they are looking for.

To identify these key interaction components that materially impact a business outcome, Delineate has developed a new, data-driven, model of Customer Effort. This model identifies four key elements which together explain the business outcome of brand retention (stay or leave the brand).

**Satisfaction alone is not enough to explain whether interactions are considered 'successful' and positive.**



## **Satisfaction with outcome of most recent interaction**

Satisfaction remains a major part of the customer retention mix. Actually achieving the ‘task in hand’ is necessary. But aspects of how the interaction played out also influenced the satisfaction rating, including:

- Getting the issue or action to the point of resolution
- Getting it resolved on the first interaction
- Understanding the individual needs of the customer
- Offering clarity in the explanation of details
- Ensuring agents are experts in their relevant knowledge area
- Ensuring those agents are polite

## **Respect my time**

Several elements combine to create ‘respecting the customer’. Often these are considered ‘softer’ aspects of service performance. But customers who feel valued are ultimately more likely to stay with the brand. Our analysis shows that this significantly contributes to a sense of the interaction being ‘easy’. Brands need to:

- Make the customer feel valued and important
- Provide relevant information that is accessible and easy to navigate
- Demonstrate that customers’ time is respected by not leaving them waiting to start or continue an interaction

## **Give me the right choice**

The third factor revolves around providing relevant and personalized options and solutions in a timely manner. Similarly, these elements were also shown to significantly contribute to a sense of the interaction being ‘easy’:

- Resolving queries/issues quickly
- Providing suitable solutions that are intelligent and relevant to the customer
- Enabling systems that maximise a ‘right first time’ process

## **Help me when I want it**

Human interaction remains an important part of the customer experience, although it’s not necessary in all circumstances. The ability to speak to a human agent is less important to customers if the rest of their interaction is straightforward, and relevant information has been made available.

Involving a human unnecessarily can actually complicate things (in 32% of difficult interactions customers felt the agent lacked expertise or the right knowledge). But **not** having access to a human to help when it is really needed is equally frustrating (36% of customers who say they had a difficult interaction felt that the opportunity to speak to an agent was a factor). Brands therefore need to consider:

- Involvement of agents for complex or escalated issues
- Automated systems that recognize when a human intervention is required



**Fig. 1.8 Relative contribution of each element to explaining loyalty**



All four of these elements play their part in explaining customer retention. However, the model can also put a value to each one (See Fig. 1.8).

Satisfaction accounts for approximately a third of the impact on brand loyalty. This is not to say that achieving the outcome is any less important – but the manner in which the outcome is achieved also counts. In fact, respecting the customer and providing the right choice together account for half of the impact on brand loyalty.

## Building Effortlessness

The four interaction elements in combination make up a significant proportion of brand loyalty (30%), although there are variations across our five business sectors. It is significantly more important for the telecoms sector, with an impact of 39%. But even where it has the least influence, in the Media & entertainment and Technology retail sectors, these elements still contribute to a quarter of all brand loyalty factors (25% for both).

Building an effortless experience starts with identifying which part of a brand's current customer interaction processes are underperforming. This provides a clear view of which elements of the Customer Effort Model to address first. Once a plan is in place there are a number of key areas within the four interaction experience elements to address.

Brands need to build a framework for customer journeys that is sensitive to the customer's needs. A framework that evaluates customer interaction practices in order to improve the journey, and ultimately inspires a positive brand experience.

- 1 Make it easy**  
to engage and resolve
- 2 Be as frictionless to stay as to leave**  
It's now easy to switch, so make it easy to stay
- 3 Anticipate and engage**  
Not everything is self-serve, anticipate and be proactive
- 4 Context and relevance**  
Know the customer and where they are in their journey
- 5 Once and done**  
Aim to resolve in a single interaction

As the pace of brand interactions increases, satisfaction and advocacy alone will be insufficient measures of customer needs. Our already automated lives will continue to create a higher benchmark for customer experiences. Effortlessness and ease will only become more important. Brands should act to ensure they are ready for what customers expect now and for what's just around the corner.

# Methodology

All results are based on an online survey conducted by Delineate and sister company opinion.life in October 2020, among nationally representative samples of consumers aged 18+ in each of the US and UK. In total 10,057 consumers were surveyed (US: 5,053, UK: 5,004). The Margin of Error for samples of n=5,000 is ±1.39.

## Fieldwork

Respondents were screened for relevant category engagement behaviors in each of five product categories, and invited to respond to up to two categories:



### Telecommunications

Joint/shared decision maker for phone or broadband service providers



### Media and entertainment

Joint/shared decision maker for media or entertainment channel companies



### Technology retail

Past year users of retailers to buy computers, devices or software



### Food delivery

Past year users of companies providing home deliveries of fast food, groceries or meals



### Non-food delivery

Past year users of retailers providing home deliveries of general goods, such as non-food packaged goods, household appliances or fashion

Random allocation of respondents to 1-2 categories produced representative sample sizes per category of c.1,900:

US range: n= 1,708-2,201

UK range: n= 1,701-2,250

Random allocation of respondents to up to three brands with whom interactions had occurred in the past 12 months produced representative sample sizes per category of c.1,300:

US respondents range: n= 1,007-1,697

US observations range: n= 2,104-4,288

UK respondents range: n= 1,047-1,716

UK observations range: n= 2,003-4,134

This totals to 27,000+ individual brand interaction observations (13,000+ per country). The number of observations per brand varied according to brand usage incidence and recent brand interaction incidence among users.

## Analytics

The mathematical model of 'Effort' was built from general brand metrics and multiple areas of questioning around the most recent interaction in order to predict loyalty (intention to stay with or leave the brand).

'Path Analysis', a subtype of Structural Equation Modelling, allowed the simultaneous modelling of all relationships. These relationships were summarized using three regression equations. The fit of the models was assessed using the Tucker-Lewis Index, the Comparative Fit Lewis Index, the Comparative Fit Index and the Root Mean Square Error of Approximation.

The model was then simplified into key elements to estimate index values to explain variations in brand loyalty and ultimately calculate scores for each brand. This simplified model retains predictors from the full model but has been implemented using linear regression. The index values are obtained by decomposition (partitioning) the measure of fit (R<sup>2</sup>).

Hierarchical Decomposition was used to measure the independent contribution of each variable in explaining the output and this in turn has been used to calculate an 'Effort' rating for each brand. Further details on methodology available upon request.



