



THE FINE LINE BETWEEN SUPER SERVICE AND CUSTOMER DISSATISFACTION IN FINANCIAL SERVICES

WHITEPAPER

OVERVIEW

Going above and beyond. Providing super service. Walking the extra mile. In both our personal and professional lives, phrases like these represent values for which people should strive. In business, particularly with regard to customer support management, these virtues are driven home in an attempt to ensure higher levels of customer satisfaction and continued loyalty, both of which translate to revenue and success.

But what do these concepts really mean? Extra effort demonstrates to customers your willingness, and by extension your business's willingness, to make sure customer issues are getting the proper attention. There is a fine line, however, between extra effort on your part and real or perceived effort taken by your customers.

This paper and a recent webinar led by Peter Delano, Senior Director for CEB Tower Group's Insurance and Wealth Management practices, highlight some interesting and in some cases, shocking, findings in the financial services industry with regard to customer effort and satisfaction. What we learn underscores the need to distinguish between the amount of effort taken to resolve a customer issue versus the effort a customer expends or feels they are expending to get that resolution.

A CUSTOMER VIEW OF FINANCIAL INSTITUTIONS

In a recent market survey, CEB TowerGroup found some true signs of economic optimism. For the first time in years, its Business Executive Sentiment Index (BESI), which factors in a combination of revenue outlook and cost pressures, expressed a positive sentiment for the economy. Assuming these sentiments are indicative of real beliefs, then all signs should also point up for how customers perceive and interact with their financial institutions, right? Not exactly.

Customers want their problems resolved properly. They want to trust their bank, their advisor, their investment companies. Customers don't want to complain; they don't want to call. But they do. How is your institution handling it?

Whether it's a carryover from the economic downturn that halted the economy in the last decade, or a continuance of existing trends, consumers lack trust – and therefore loyalty – in their financial services providers. Alarming, this distrust spans across issues like keeping their money safe to transparency of fees and policies (see Figure 1). This then poses a series of questions that need to be addressed:

- Are you taking the right steps?
- Is there comprehensive effort toward ensuring customer satisfaction?
- What can you do to stem this tide?

'BENDING' OVER BACKWARDS VERSUS 'FALLING' OVER BACKWARDS

Merely having customer service in place isn't enough. CEB TowerGroup's data suggests that customer service has nearly four times the chance for a negative customer impact and more disloyalty than for a positive impact. The amount of effort expended to exceed customer expectations proves to have a ceiling, reaching a point of diminishing returns. At some point, additional effort and further attempts to exceed expectations does not create an equal amount of goodwill and loyalty; it just adds cost and effort.

"Knowing your customer goes beyond a compliance activity," notes Delano. "Financial institutions recognize that they can improve how they use customer data to reduce effort."

'But we want our people to obsess about the customer experience, is that wrong?' Of course not, but you need to think about the customer experience from the customer's point of view. A quick and efficient resolution delivered with a smile can be better, particularly for the customer, than prolonged effort. In effect, once the customer is satisfied, additional effort isn't warranted for either party.

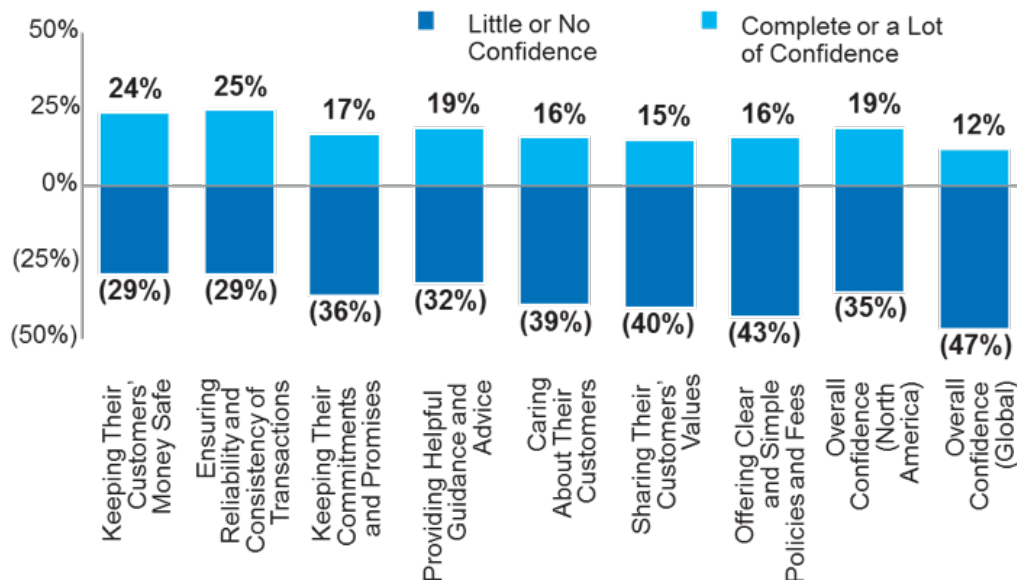


Figure 1. Percentage of North American Consumers Ages 18 and Older Who Feel Confident in the Capabilities of Their Financial Services Providers, Q3 2013 (Source: CEB TowerGroup; n = 2,000)

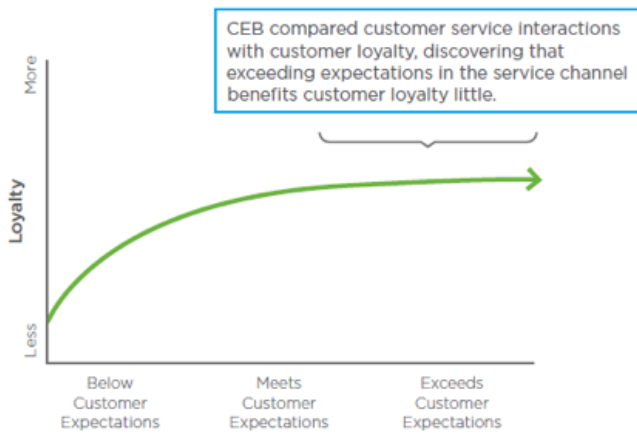


Figure 2. Impact of Meeting Versus Exceeding Customer Expectations on Loyalty, (Source: CEB TowerGroup; n = 97,000 customers)

THE HOLY GRAIL: HASSLE FREE, HIGH PERCENTAGE CLIENT ISSUE RESOLUTION

Customer loyalty is about creating a hassle-free experience in concert with high issue resolution. While seemingly elusive, leading companies incorporate the people, tools and processes for achieving this success. Here are five recommendations from CEB TowerGroup for framing success.

1. **Track customer effort, not satisfaction.** Rather than asking purely about satisfaction, ask a different question: 'How easy did the company make it to handle my issue?' Aiming toward high marks here measures the efficiency with which your company handles customer issues. By making it easy for your customers, you develop a reputation of producing favorable results for your customers, resulting in positive brand equity for your company.
2. **Provide a guided resolution experience.** Steer the customer toward the lowest-effort service path for addressing their issue. Choice is good, ease of use is better. "In most cases, financial services customers prefer different channels for different situations," notes Delano. "Face-to-face and phone interactions are typically for more complex questions and issues, while customers prefer online and mobile tools to cover basic account information and transactions."

3. **Solve the customers' next, not just current, problem.** Maybe a customer's complaint is similar to other customer complaints, and patterns emerge. With the right systems in place, you have the ability to offer customers proactive solutions to potential downstream problems. Doing so shows the appropriate above and beyond effort needed to demonstrate proactive issue resolution to latent, dormant issues, giving the customers peace of mind in knowing you have helped them avoid future headaches.
4. **Engineer experiences to reduce customers' perceived effort.** Perception and reality are often two entirely different experiences. There are simple ways to build customer rapport and advocacy, which also help to ease potential customer tension:

- Anticipating customer needs
- Using positive language
- Positioning yourself as a customer advocate
- Adapting your conversation style to customer personalities

5. **Create a judgment climate to enable and empower staff.** Build empowerment of your staff to proactively address customer issues. Beyond scripts and protocols, this is more of a philosophy of how to address customer challenges. Aptitude and skill-sets play a part in this. Having the information at hand to evaluate past interactions also helps give support people a complete view of the customer, allowing them make educated and qualified suggestions, recommendations and ultimately propose the right resolutions for that customer.

DO YOU HAVE THE TOOLS FOR THE JOB?

At this point, assume you agree to undertake or incorporate a low-effort, hassle-free approach to addressing customer needs. Do you have the people, processes, and tools to make it work?

There are real challenges to address beyond simply appealing to your customers. In parallel, increasing industry regulations and meeting compliance requirements are becoming more and more challenging. Companies need to ensure they have the tools that give them the ability to meet today's regulatory requirements and customer demands.

For example, with consumer financial products and services in the United States, the customer experience is being scrutinized by industry regulators more than ever. Regulatory bodies are put in place to elicit complaints from consumers to ensure those with a problem have a guaranteed way of finding a resolution to their complaint.

CFPB

The Consumer Financial Protection Bureau (CFPB) is one such regulatory body created by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. One of the CFPB's main goals is to ensure customer complaints and feedback about a given company is routed to that company and is responded to in a timely and effective manner. Failure to do so can result in significant fines and corrective action.

FCA

In the UK, the Financial Conduct Authority (FCA) oversees financial industries in order to promote fair competition but also the fair treatment of consumers. Included is ensuring clear and non-misleading consumer communication. The FCA has also created a set of rules that govern the amount of time a firm has to respond to or clarify an issue, while providing an alternative or escalatory process through a Financial Ombudsman Service (FOS). This governance makes two things clear: one is that customers will be heard and responded to, and two is that customers have ways to voice continued displeasure with a firm.

If you have the right channels for and information about a given customer, your firm has a far greater opportunity to provide a timely and accurate response, and a better chance for that customer to come away satisfied. This helps avoid the escalation to a regulatory body, involving both legal and financial ramifications. An escalation or follow up from a customer means an increased hassle for them, and likely a negative hit to loyalty.

YOUR CHALLENGES, ADDRESSED

With all of this information, there are several actions your firm can take to ensure appropriate customer experience.

First, don't stop delighting your customers, but focus on reducing the complaints and feedback effort taken by them. Timeliness to respond is critical. Having good background information on that client or firm in order to provide the most appropriate response is key.

Next, ensure that your firm has procedures and tools for guaranteeing that all customer feedback is received and responded to, and that this is truly happening. If you don't, you can be sure that regulatory bodies will ensure proper follow up for you.

Establish benchmarks and metrics that allow you to track progress of changes that you make to your processes. There is an old adage; what gets measured gets managed. Nowhere is this truer than in the complaint and feedback management space. You can track internal metrics and performance and you can compare yourselves against your peers.

Finally, make sure you have the right systems in place in terms of a CRM and/or case and complaint management system. Arming your company with the proper tools and the right information goes a long way to showing customers that you are working on their behalf, and will proactively manage their input without any unnecessary further involvement from them. Removing the hassle from your customers' interaction adds the goodwill and loyalty your company needs to become the differentiated, trusted partner consumers long to work with.



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