



# Measuring Customer Effort

A hassle free introduction



The idea of a Customer Effort measure was first introduced back in 2010 when the Harvard Business Review published an article entitled “Stop Delighting Your Customers”.

The authors’ bold claim was that effort involved in customer service interactions was more predictive of churn than other more established measures, such as NPS or CSat. In 2013, Matthew Dixon, Nick Toman and Rick Delisi expanded upon the original idea in their book: “The Effortless Experience”.

As the title of the original article suggests, the premise is that customers have no real desire to be ‘surprised and delighted’; they just want interactions with their providers to be as fast and simple as possible. Any companies that prove hard-to-do-business-with are risking customer defection. In the hectic modern world, it’s an idea that certainly has a ring of truth.

In our recent benchmarking study, SPA Future Thinking asked a representative sample of 3,500 UK adults about the services they used.

Banking and credits cards. All manner of insurances - from cars and houses to pets and health. Roadside and home emergency cover. Gas, electricity and water. Broadband, home phone, mobile phone, Pay-TV. The list goes on.

Most individuals could easily name at least 20 service providers that they have a relationship with; is it any wonder that we crave an effortless experience?

## But is Customer Effort really the best measure of customer experience we have?

We know from our own clients that the concept is gaining traction in a number of boardrooms across the country:

- This is a simple concept to understand – something which is always appealing at the highest levels.
- Provision of a basic level of service (as opposed to ‘going the extra mile’) holds appeal as a more cost effective option.
- Combine lower costs with improved retention rates and there are clear financial benefits.

But, as with NPS, we do not believe Customer Effort is the whole answer and each organisation must be aware of how to use it. In this hassle free introduction we tackle some of the key considerations for any organisation looking to adopt Customer Effort (CE) as a measure.



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1.

## Be clear on your objectives

**An obvious starting point; what are you trying to achieve as an organisation?**

Where you are as a business and current levels of customer satisfaction are going to dictate the relevance of CE at this time. For instance, if recent CSat scores have been poor and you are haemorrhaging customers as a result, it is likely that your current strategy goes no further than actions designed to get the basics right; CE is directly relevant here.

But CE isn't just for companies struggling with customer satisfaction. A staple of many business leaders, the book "The Discipline of Market Leaders" by Treacy & Wierseman, suggested that no company can truly become a market leader by trying to be all things to all people. Instead there are three 'value disciplines' that can be adopted to command leadership in a particular market.

- The first value discipline, 'Customer Intimacy' is all about delivering exactly what individual customers want. If anything, this directly contradicts the CE edict of 'Stop Delighting Your Customers'. Here CE can be viewed more as a hygiene factor than anything else.
- The same can be said of another value discipline; 'Product Leadership'. This is simply about having the best product /service available, so customers want it, no matter what.
- However, the final value discipline was identified as 'Operational Excellence'; defined as an approach to the market whereby the company aims to provide the lowest cost goods and services, while at the same time minimising problems for the customer.



**If it is 'operational excellence' that your company is striving for, and many are, the measurement of customer effort seems an obvious fit.**



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2.

Is there a genuine link between customer effort and loyalty?

This is the premise of the “The Effortless Experience” and needs closer examination.

We have been measuring CE in some form or other for a number of our customers since the concept was first introduced.

Comparing effort levels against customer retention rates does show a clear link.

That said, we also measure NPS and CSat and similar links exist. In truth, the strength of relationship varies by industry and touchpoint; more on that later.

Our recent study also showed there to be a strong link between CE and “intention to continue being a customer of this company”.

Again, the correlation varied by service and recent customer experience but, at a total level, the results suggest there is a strong relationship between ease of doing business and retention:

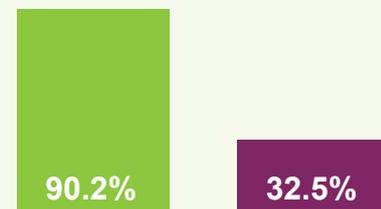
### Relationship with Loyalty (Pearson Correlation)

Value for Money	0.728
Customer Effort	0.663
CSat	0.637
NPS	0.588

Further analysis also revealed the following:

### Last Touchpoint

Low Effort      High Effort



*% Customers likely to continue being a customer of this company*

On average, approximately 82% of respondents stated they were likely to remain a customer of the service we asked them about; therefore, in some respects, it can be said that a low effort experience does encourage loyalty.

However, a more striking result is that just 1/3rd of customers who reported a high effort experience stated that they were likely to remain a customer.

This leads to an obvious conclusion:

**“High customer effort drives disloyalty”**



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3.

So, is Customer Effort just about the loyalty / disloyalty of existing customers?

Or, does Customer Effort have other uses, such as driving sales?

Our recent study highlighted that cost and quality are consistently stated as the most important factors when selecting a service provider.

*When selecting a provider, how would you rate the following factors in order of importance?*

**Top 2-Box:  
1st and 2nd Most Important**

Cost	67.0%
Quality of the product	48.3%
Customer service	19.9%
Terms of the contract	19.0%
Reputation of the provider	16.7%
Ease of set-up	11.2%
Speed of response	9.0%
Word of mouth / recommendation	8.8%

Factors which are more logically associated with Customer Effort, such as 'ease of set-up' and 'speed of response' are rated as relatively unimportant. Ease of doing business is a relative unknown until you have signed-up.

**It is logical that Customer Effort is more important to retention than driving acquisitions.**

But that's not the end of the debate; one of the rewards the authors of "The Effortless Experience" associate with an improving CE score is increased advocacy. Our study shows that a relationship between CES and NPS does exist. Indeed, it's stronger for some industries than others.

It's difficult to establish causality, but a commonly held view is that CE has a direct impact on customer satisfaction and customer satisfaction has an influence on likelihood to recommend. If, as Frederick F. Reichheld stated, NPS is the "The One Number You Need to Grow" then CE cannot be entirely ignored as a contributing factor, even if a direct link to acquisitions is harder to prove.



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4.

Customer Effort is not applicable to the entire customer experience.

This is one of the major challenges and why CE may not be relevant to all businesses.

For CE to be measured, it stands to reason that a customer interaction must have taken place. Touchpoints are predominantly (but not exclusively) related to contact with customer service centres. In other words, key elements of the relationship are ignored; value for money, product quality, service reliability and so on. So, while CE can be used for virtually any customer interaction, there may well be a more relevant measure for a touchpoint. Indeed, where these touchpoints are generally few and far between, CE really only serves a purpose as a complementary measure to old favourites such as NPS and CSat.

Customer Effort is not as relevant to all businesses or customer interactions

Furthermore, our research shows that the type of interaction also plays a part.

- **Claims and call-outs:** The strength of relationship between CE and retention increases for touchpoints such as claims and call-outs. The whole point of taking out insurance of any kind is to cover yourself should an unfortunate circumstance occur. If the experience is not a good one, it is clear that a customer might consider their options.
- **Complaints:** Another touchpoint where CE is of real importance is the complaints process; too many companies seemingly make it too difficult to complain. All the evidence is that by making the process as simple as possible, there is still hope of retaining the customer if the resolution is acceptable. Indeed, a satisfied complainant may well tell others of their experience.
- **Enquiries:** On the flipside, an effortless experience is less important if simply enquiring or conducting a simple task, such as changing contact details.

Although not desirable, a painful experience is unlikely to be terminal for 'less important' touchpoints.

So, following on from above, the application of CE will depend on the business type and the key customer touchpoints. Our research demonstrated that correlation between CE and loyalty did indeed vary by industry.



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5.

Effort isn't everything.

If the customer touchpoint is purely transactional (e.g. changing your details, paying a bill), then there is a clear desire to make the whole process as quick and effortless as possible.

This is certainly true for anything online or self-service. But this does not mean we want everything to be automated or that we are happy to speak to cold, but efficient 'robots'. For certain touchpoints, interpersonal and emotional factors come into play. Basic courtesy is seen as a hygiene factor but empathy and friendliness can play a major part.

Imagine calling your insurance company to make a claim regarding stolen family valuables; yes, you certainly want a hassle-free experience, but you may more want more than that. An understanding voice on the end of the phone that you trust to sort out your claim could greatly enhance your customer experience and could well be worth more to you than getting through a little quicker.



Again, the message is that other measures should be included alongside pure CE to get a more rounded picture of the complete experience.



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6.

Don't ignore the root causes.

It is usually better to concentrate on solutions that will negate the need for customers to contact the company in the first place.

An obvious statement, but an angle that is often ignored. Many interactions are out of the control of the company (e.g. changes to personal details) or even desirable (e.g. renewing or upgrading). But, of course, many interactions are not; any contact related to a product / service issue, billing mistake or any other problem is best avoided.

Instead of concentrating on how such touchpoints can be effortless for the customer, the priority has to be to eradicate the root causes.



For instance, measuring CE with a complaints department and seeing an improvement could be masking a whole range of more fundamental issues, including the actual number of complaints.

A more effortless complaints process might mean you retain a greater proportion of these unhappy customers, but if the number of complaints is increasing at a faster rate, it really is the wrong policy. This seems obvious, but is a clear example of why businesses should not rely entirely on a single measure.



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7.

## Simple or too simple?

Overly complex measures, such as composite Customer Satisfaction Indices have never played out well in the boardroom.

They also have the drawback of being hard to explain to employees; buy-in to a customer experience strategy is hard to achieve if you don't really understand how your actions impact on success. NPS was a breath of fresh air in this respect; not only was it perceived to be a powerful predictor of financial success, it was undeniably simple.

However, simplified metrics can never paint the entire picture; this has always been one of the dangers associated with over-reliance on NPS and the same pitfalls exist for CE.



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If after considering everything above, CE still seems to have merits for your business, you will want to introduce a measure into your customer experience tracking.

## STEP 1

### Customer Effort Score

In the “The Effortless Experience”, Dixon, Toman and Delisi suggest the following wording as a basis for measuring effort:

“ To what extent do you agree or disagree with the following statement:

*The company made it easy for me to handle my issue* ”

The question is asked on a seven-point scale from Strongly Disagree to Strongly Agree. The exact wording can be modified to suit the relevant touchpoint e.g. “The company made it easy for me to renew”; as long as the question construct is consistent, we can compare touchpoints.

This question wording has proved easier to grasp than previous iterations and returns better results. Simply changing the end of the question to suit different interactions gives you an idea of whether CE is a good measure for a particular interaction; if it simply sounds wrong, then the chances are it is.

## STEP 2

### Diagnostics

Like many measures, the power of CE is only unlocked if we can actually understand what is driving the ups and downs. In actual fact, CE does have advantages over NPS here as brand effects are far less of a factor.

Key Driver Analysis related to CE will be able to identify the processes where improvement would have the greatest overall effect on effort and ultimately to retention.

As with any good research, the trick is to include the correct diagnostic questions alongside the CE question in the survey. If all possible elements of the process are covered, analysis will determine where the issues lie.

For businesses in the early stages of customer experience measurement, qualitative approaches are often a good starting point to understand what a survey should be covering.

For those businesses where tracking is more established, the key dimensions are often already known but a refresh cannot harm once in a while, especially as technology and processes evolve along with customer expectations.



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## STEP 3

### Implementing Actions

Actionable Insight! No paper related to market research can be complete without these two words; but how does CE stack-up in this respect?

We know how much effort our customers are putting in and we know the process elements that are causing them pain. The final step is to implement actions that improve the situation.

Dependent on the issue, the fix may be obvious. If the key driver is identified as “length of time until my call is answered” then the aim has to be to get calls answered quicker! But it’s not always as simple; open-ended questions should also be included so that customers can provide more specific feedback on how to make their interactions easier. If worded correctly, additional insight can be shed on even the most obvious actions:

**“I had to wait 10 minutes. I expect to wait 5 minutes but 10 minutes is too much!!”**



## STEP 4

### Roll it Out

A familiar challenge for those who are involved in the measurement of customer experience within their business is getting the rest of the business to actually care! The introduction of a new measure often requires a business to refocus priorities and even a cultural change.

As previously stated, customer effort is an easy concept to grasp and that is one of the advantages when it comes to communicating this through a business. The use of infographics should help and, if you really want to get people’s attention, bonusable targets should do the trick!



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When monitoring customer experience, all businesses would be wise to consider both macro and micro level KPIs:

- NPS and CSat can be viewed as macro KPIs; they measure overall perceptions of the entire experience. Indeed, NPS goes wider still by incorporating brand sentiment.
- The measurement of Customer Effort relates more to individual touchpoints i.e. the micro level. Macro indicators are not always a good fit at touchpoint level; in this respect CE is a valuable new tool. Customer Effort isn't really suited to be a standalone measure but, in certain circumstances, there are arguments to suggest that it could be a lead measure.

**But, to reiterate, we do not believe Customer Effort is the whole answer and each organisation must be aware of how to use it; hopefully we have given you some help in this respect!**

## Selling Points

A simple concept to understand; appealing in the boardroom and easy to communicate throughout the organisation.

A genuine link with customer retention; high effort drives disloyalty. Demonstrates that it is not necessary to 'delight' customers in order for them to remain loyal.

Very relevant to businesses with many customer touchpoints and those striving for 'operational excellence'.

Better suited than CSat or NPS for measuring performance at a micro-level and for understanding whether the basics are being executed correctly.

If accompanied with the correct diagnostic questions, can result in specific actions for each customer touchpoint.

## Reservations

Simplified metrics can never paint the whole picture; needs to be used as part of a 'toolkit' rather than a standalone measure.

Requires a genuine customer interaction in order for a measurement to take place. Not as appropriate for all touchpoints.

Not as well-suited to businesses looking for 'product leadership' or 'customer intimacy'. Equally, not a key driver of acquisition; less useful for those looking to expand their customer base.

Ignores interpersonal and emotional factors.

Concentrates on effortless resolution of issues rather than eradicating issues in the first place.



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## Craig Strudley, Research Director at SPA Future Thinking

This year, Craig will be celebrating 20 years in the world of market research. During that time he has worked with numerous clients across a range of sectors. Whereas it's fair to say that all have shared the common goal of measuring and improving customer experience, the solutions have often been very different. Craig is a firm believer in working with companies to design or adapt bespoke research programmes that meet individual objectives. He joined SPA Future Thinking in 2010 where he is currently a Research Director in the Services team.



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