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Feature Articles

Customer Care: The key lies in the proper multichannel access

By Cynthia D. Cormier

The customer service experience involves many factors, such as integrity and trust, responsiveness, ease of doing business, problem resolution, available channels for customer access and the availability of your company's employees. The depth, breadth and quality of service you provide to your customer base, and the channels you choose to provide it is every bit a part of your company's brand identity as the products you sell. In today's increasingly competitive business environment, service and customer experience determines the brand image that is reflected in the marketplace.

With the dawn of the Internet, marketplace dynamics have been forever altered. The customary influences and differentiators such as convenience, location and switching costs have become less pertinent. In the new marketplace, the quality of your service can become a significant competitive advantage. Providing exceptional service gives your customers a compelling reason to do business with you. Regardless of whether companies operate in a business-to-consumer or a business-to-business marketplace, those companies that give customers what they want, when they want it and how they want it will increase customer satisfaction, loyalty and retention and will ultimately gain greater wallet and market share, which in turn will generate more revenue and higher profitability. For more and more companies, the answer to this business challenge has been to offer their customers multichannel customer care.

Over the past decade, companies have spent millions of dollars on technological advances that provide their customers with multichannel access. Unfortunately, much of the money is spent without a sound strategy or with an objective other than to reduce costs in the long run. Many companies believed (and hoped) that automated response telephone systems (VRU/IVR) and Internet channels would replace more traditional communication channels such as face-to-face transactions, live telephone agents and direct-mail campaigns.

Difficult and costly lessons have been learned and some companies are now recognizing that different interaction methods are needed to serve different customers in different situations. As a result, there has been much discourse about what should be the proper mix of communication channels.

Despite the continued debate, few attempts have been made to study the issue from a national perspective. A recent "channel surfing" study conducted by the Customer Care Alliance (CCA) has attempted to remedy the dearth of research on the subject. While this study's focus was on the business-to-consumer marketplace, knowledge gained from this study can be transferred and applied to the business-to-business marketplace as well (i.e., office technology dealerships). The lessons learned in any marketplace have the potential to save your business-to-business organization resources, money and customers. With that in mind, let the knowledge transfer begin!

The CCA "channel surfing" study was based on a national telephone-based sample of 1,000 households. The study examined channel preferences by pre-purchase, purchase, use and complaint consumer behaviors. Preferences were reviewed for different industries and distinct consumer behaviors, and channel usage was also profiled. Finally, consumer satisfaction with

channel usage was measured.

During the study, channel preferences were measured by asking the respondents to state which of nine channels they preferred when performing 60 hypothetical pre-purchase, purchase, use and complaining behaviors. Regardless of type of consumer behavior, "visiting a business in person" and "speaking to a live company representative via telephone" were far and above the most preferred channels followed by "surfing the Web" and "mailing a letter or a completed form."

The results of the study showed that preference varied substantially by type of consumer behavior. For example, when gathering pre-purchase information, the preferred channels were "visiting a business in person," "speaking to a live company representative via telephone" and "surfing the Web." This was the only instance where a "new technology" option was preferred by more than 10 percent of the respondents.

When it came to making a purchase, 80 percent of respondents stated their preference for either "visiting a business in person" or "speaking to a live company representative via telephone." "Speaking to a live company representative via telephone" was preferred by a majority of the respondents in the case of using and complaining about products/services. See Figure 1.

Behavior	% Prefer								
	Visit in Person	Telephone Agent	Surf Web	Mail	Fax	E-mail	Web form	Telephone AR	Chat
Pre-purchase	27%	29%	25%	7%	0%	5%	3%	3%	0%
Purchase	44%	36%	8%	5%	1%	2%	3%	2%	0%
Use	19%	51%	4%	16%	1%	2%	4%	4%	0%
Complaint	30%	55%	2%	9%	1%	2%	1%	1%	0%

Figure 1. Communication channels preferred by customers based on type of behavior.

These particular results suggest that, while most respondents give high priority to convenience ("speaking to a live company representative via telephone" and "surfing the Web"), they exhibit some skepticism about many of the "new technology" channels. Much anecdotal evidence, as well as the study's results, suggest consumers prefer talking to live telephone agents over utilizing automated response technology.

The CCA study addressed this issue by asking whether respondents would be willing to "pay a small, additional service charge" for 24-hour access to a live telephone agent instead of using an automated response system, and 35 percent stated they were definitely/probably willing to pay a fee in order to be assured access to a live agent. Only 41 percent said they would probably/definitely not pay such a fee. This finding added to the strength of preferences felt for the channel of "speaking with a live company representative via telephone." See Figure 2.

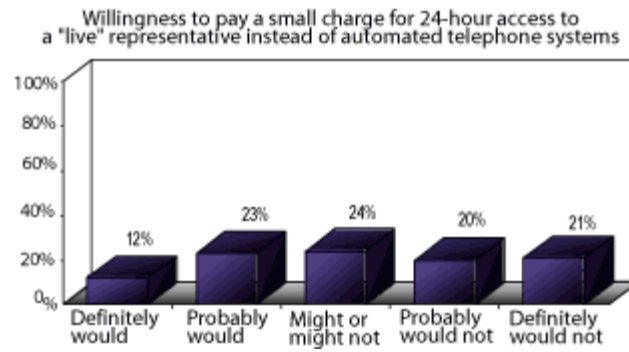


Figure 2

Although the usage of "new technology" has expanded over the past few years, the CCA study found continued heavy utilization of more "traditional" channels, such as "speaking to a live company representative via telephone" and "visiting a business in person." See Figure 3.

Channel	% Used during past 12 months
Telephoned - live agent	81%
Telephoned - key in numbers	81%
Visited in person	79%
Mailed letter/form	64%
Surfed the Web	56%
Telephoned - speech recognition	55%
Submitted Web form	43%
E-mailed letter/form	34%
Faxed letter/form	30%
Chatted via Web	7%

Figure 3

The multichannel usage exhibited by respondents lends strong support to the validity of the study's preference findings. Exposure to multiple channels gave respondents a "real world" frame of reference when deciding their preferences for the pre-purchase, purchase, use and complaint scenarios.

Previous research by the authors has shown a strong relationship between first-contact resolution of customer transactions and satisfaction/brand loyalty. Therefore, it was and continues to be important to consider the relationship of channel usage to pingponging (the need for customers to make multiple contacts to conclude their pre-purchase, purchase, use and complaint transactions). According to the results of the study, the more "traditional" channel options reported low inter-channel pingponging, while the least channel hopping was associated with the "automated telephone response system." The Internet channels reported the most "channel hopping." See Figure 4.

Primary channel	% Using another channel
E-mailed letter/form	57%
Faxed letter/form	54%
Chatted via Web	44%
Surfed the Web	40%
Submitted Web form	37%
Telephoned - speech recognition	37%

Mailed letter/form	33%
Visited in person	27%
Telephoned - live agent	20%
Telephoned - key in numbers	19%

Figure 4

When considering satisfaction by consumer behaviors, the study's respondents were most satisfied when conducting pre-purchase transactions and least satisfied when complaining. Based upon channel, "surfing the Web" reported the highest customer satisfaction and the "automated telephone response system" the lowest. See Figure 5.

Channel	Pre-purchase	Purchase	Use	Complaint
Chatted via the Web	48%	50%	25%	40%
E-mailed letter/form	38%	50%	27%	21%
Faxed letter/form	47%	78%	72%	20%
Mailed letter/form	50%	45%	38%	29%
Submitted Web form	33%	68%	43%	38%
Surfed the Web	50%	66%	75%	47%
Telephoned - agent	21%	65%	73%	15%
Telephoned - speech recognition	47%	33%	18%	13%
Telephoned - key in numbers	36%	60%	41%	43%
Visited in person	33%	69%	33%	44%

Figure 5

While these findings are intriguing, they must be interpreted with a great deal of caution. It is very difficult to separate inherent satisfaction with a channel from how well that channel was operated. For example, were the low satisfaction scores for the "automated response system (talking to a computer)" a result of respondents disliking speech recognition technology or were they caused by the faulty use of such technology? Additionally, satisfaction ratings may have been influenced by self selection in the use of the "chat room" channel. In this instance, the small minority of respondents using this Internet channel may have been favorably predisposed to new technology applications.

The Customer Care Alliance's "channel surfing" study examined multichannel preferences, usage and satisfaction. The study's findings provide broad strategic guidance for designing a plan to provide multichannel access for a company's customer base (e.g., limited preferences for "new technology" channels). National trends were reported in each of the areas studied. It must be noted that while such trends may be helpful in defining a broad strategic approach to multichannel access, the study found substantial differences between industries, as well as discrete consumer behaviors. Therefore, the collection and integration of company-specific data is a necessary prerequisite when developing a corporate plan for multichannel customer access.

The results of the CCA "channel surfing" study also presents critical issues to consider when developing a corporate plan for providing multichannel access. The first such issue is the channel preferences of the company's customer base. The next area to be addressed when formulating a company's multichannel access plan is channel usage. The study shows there are three relevant issues: validity of customer channel preferences, customer channel usage patterns and demographic segmentation of channel usage. By understanding such demographic segmentation factors, a company can fine tune its policies to fit the unique demographic composition of its customer base.

The relationship of channel usage to pingponging is another important point to consider when developing corporate multichannel plans. Wherever possible, the plans should be formulated so as to minimize pingponging.

The final factor to consider is customer satisfaction. How satisfied are customers with the channel options that the company makes available? A company's plan for providing customers with multichannel access should be designed to supplement, not replace, the more "traditional" methods available for customer contact. The key objective is to offer those options that create the highest levels of customer satisfaction (or to ensure that the options producing lower levels of satisfaction are re-engineered in such a way so as to increase satisfaction).

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