

Contact Center Satisfaction Index 2008

How Contact Center Customer
Satisfaction Impacts the Bottom Line

by Sheri Teodoru
CEO
CFI Group North America



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Introduction

As consumer spending weakens and the economy takes a downturn, organizations must focus more on customer retention and less on costly customer acquisition. Because they are at the frontlines of the customer-supplier relationship, contact centers assume a large portion of the burden in making sure a company can keep its customers.

In the past, contact centers have relied on operational data and historical reports to evaluate performance. However, it is impossible to manage customer relationships without a reliable measure of customer satisfaction. The ultimate function of the contact center is to be the face and voice of the company, and only the customer can accurately evaluate the success of contact center interactions.

Today, many companies recognize that contact centers are much more than a necessary cost of doing business – they are also an ideal place to capture consumer feedback and prevent customer defections. As long as the customer and the firm are still communicating, the company has an opportunity to turn a dissatisfied customer into a satisfied one. With the right measurement system in place, contact centers can do much more than protect the customer relationship; they can also inform and improve corporate strategy.

Customer satisfaction, when measured using the methodology of the University of Michigan's American Customer Satisfaction Index (ACSI), provides an excellent measure of contact center effectiveness and the ability of contact centers to influence business and consumer behavior.

In this report, CFI Group examines the most important issues facing contact centers in an effort to determine:

- Which aspects of contact center interactions are most responsible for driving customer satisfaction
- Which industry contact centers perform best, and why
- How well contact centers resolve issues
- The impact of contact centers on future customer behaviors
- The effect of contact center offshoring on customer satisfaction
- "Right-channeling" trends

About the ACSI Methodology

The American Customer Satisfaction Index (www.theacsi.org) is the only uniform, national, cross-industry measure of satisfaction with the quality of goods and services available in the United States. A key distinguishing feature of the ACSI methodology is its patented scientific approach to customer satisfaction measurement.

When applied to your organization, the unique cause-and-effect methodology of the ACSI shows how satisfied customers are today, and how satisfaction leads to desired results. This unique methodology also gauges satisfaction with specific elements of the customer experience that influence overall satisfaction and future success.

The ACSI is an important indicator of economic performance, both for individual firms and for the macro economy. As such, the national ACSI score has been shown to be predictive of both consumer spending and stock market growth, among other important indicators of economic growth. Perhaps most revealing, however, have been the linkages discovered between aggregate ACSI growth, aggregate corporate earnings growth (among S&P 500 companies) and average Market Value Added (MVA), which measures the firm's success in creating wealth for shareholders.

Introduction

The second annual Contact Center Satisfaction Index (CCSI) quantifies the impact contact centers have on customer satisfaction and loyalty across the following industries:

- Banking
- Cable and Satellite TV
- Cell Phone Service
- Government
- Hotels
- Insurance
- Multi-channel Retail
- Personal Computers

Contact Center Customer Satisfaction Scores by Industry, 2007 vs. 2008

	Commercial		Bank		Cable or Satellite TV		Cell Phone Service		Hotel		Insurance		Personal Computer		Retail	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Customer Satisfaction	70	72	77	71	68	66	69	72	--	78	68	75	64	69	80	76

Key Findings

The Big Picture

- Customer satisfaction with commercial contact centers overall improves from 70 to 72 on the 100-point ACSI scale.
- Ninety-five percent of customers who have a satisfying contact center experience will do business with the same company again, compared to only 35% of dissatisfied customers.
- Ninety-two percent of customers who have a satisfying contact center experience will recommend the company to others, compared to only 9% of dissatisfied customers.
- The hotel industry, a new addition to the CCSI in 2008, provides the most satisfying contact center experience of all industries, debuting with score of 78.
- Banking contact center satisfaction drops 8% to a score of 71, the largest decline of any measured industry this year.
- Cable and Satellite TV contact centers fall 3% to 66, the lowest score of any measured industry.
- Government contact centers, another new addition to the CCSI in 2008, debut with a score of 70, two points above the overall ACSI government score of 68.

Customer Service Representatives

- Overall, the performance of customer service representatives across the commercial industries measured by the CCSI is 77 on a 100-point scale.
- The retail industry's customer service representatives outperform all other industries with a score of 81.
- Cable and satellite TV customer service representatives rank lowest at 73. They also register the lowest score for issue handling at 69.

Offshoring

- Offshore contact centers have improved significantly, but still score far below their domestic counterparts *even if issues were resolved*.
- Customers who believe they are dealing with an offshore contact center are more than twice as likely to sever relations with the company.

Issue Resolution

- Contact centers leave 18% of customers with unresolved issues. More than half of customers with unresolved issues (56%) are at risk of defection, or have already decided to leave.
- Customer satisfaction with the call center is 38% higher when issues are resolved on the first call than when it requires two or more calls. Satisfaction drops by 50% if issues are not resolved at all.
- Customers whose issues are resolved on the first call are 49 percent more likely to continue doing business with the company than customers whose issues are unresolved.

Key Findings

Multichannel

- Website improvements are enabling more customers to self-serve, which reduces the number of calls to contact centers and the overall cost of servicing the customer. However, managers should be aware that as simpler questions are “right-channeled” to the Internet, contact center representatives will be faced with a higher proportion of challenging issues that will require additional training.

Customer Service Representatives

The average customer service representative (CSR) score across all industries is 77, unchanged from last year.

In addition to measuring the overall performance of CSRs across industries, the CCSI measures attributes of CSRs in several specific areas:

- Courteousness
- Interest in helping the customer
- Speaking in an understandable manner.
- Knowledge
- Effectiveness in handling issue

CSRs receive their highest score for courteousness. “Interest in helping the customer” and “speaking in an understandable manner” are among the other CSR “soft skills” that do well in most industries.

However, CSRs’ “hard skills” have lower scores, and these attributes are the *more important determinants of satisfaction*. In other words, customer satisfaction depends more on the CSR’s individual ability to take responsibility and resolve issues. Even if the CSR’s script is written in very courteous language, customers will be frustrated by repetition and an inability to address their real issue.

Customer Service Representative (CSR) Scores by Industry, 2007 vs. 2008

	Commercial		Bank		Cable or Satellite TV		Cell Phone Service		Hotel		Insurance		Personal Computer		Retail	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Customer Service Representative	77	77	79	77	75	73	75	76	--	79	77	80	72	75	85	81
Courteousness	80	81	81	82	78	78	79	79	--	80	81	83	80	81	87	84
Speaking in an understandable manner	77	78	79	79	76	75	76	75	--	79	82	83	69	71	86	83
Knowledge	75	76	78	77	73	71	74	75	--	79	75	80	72	75	85	79
Interest in helping you	77	77	81	77	76	74	73	76	--	78	77	80	75	77	86	81
Effectiveness in handling your issue	73	73	78	73	72	69	72	73	--	79	73	75	66	71	83	77

As knowledge and problem resolution skills of CSRs increase, so too does customer satisfaction with the contact center. Management will benefit from ensuring that CSRs have access to the necessary information, tools, and skills to solve customer problems and answer questions efficiently and effectively.

Issue Resolution

For customers contacting a call center, the most critical driver of satisfaction is whether or not the CSR is able to resolve the issue. Improvements in customer loyalty, customer retention, and willingness to recommend all depend first-and-foremost on issue resolution. However, 18% of the customers who called contact centers report that their issue was not resolved, about the same percentage as 2007.

Firms continue to lose customers as a result of poor, ineffective customer service. The effects of issue resolution on customer satisfaction are nothing short of astounding. Customers with unresolved issues have a satisfaction score of 40, about *half* the score of customers whose issue was resolved (80). These customers are also far more likely to defect. While 88% of customers whose issue was resolved indicate they will do business with the same company in the future, only 46% of customers with unresolved issues indicate the same. Consequently, call centers with the ability to solve problems have enormous potential to help firms retain valuable customers and preserve the value of their customer asset.

The most critical driver of satisfaction is whether or not the CSR is able to resolve the issue.

First-call resolution is also a top-priority for best-in-class contact centers. Customers whose issues were resolved on the first call have a strong satisfaction score of 82. If issues remain unresolved until the second call, customer satisfaction drops 14 points to 68. Worse still, for customers forced to call a contact center 3 or more times before their issue is resolved, satisfaction drops to a dismal score of 52, a full 30 points lower. Further, while 89% of customers whose problem is resolved on the first call indicate they will do business with the same firm in the future, this percentage drops to 68% if more than one call is needed.

Some industries excel at resolving customer issues, and to the extent that their best practices are applicable across business types, other call centers can learn from their approaches. Hotel and retail contact centers, where CSRs typically have fast access to account information and the authority to make quick decisions, have the fewest customers who end their contact center experience with unresolved issues.

Issue Resolution by Industry, 2007 vs. 2008

	Commercial		Bank		Cable or Satellite TV		Cell Phone Service		Hotel		Insurance		Personal Computer		Retail	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Was your issue resolved?																
Yes	77%	76%	81%	76%	76%	76%	76%	79%	--	89%	73%	73%	72%	74%	87%	77%
No	19%	18%	13%	19%	21%	20%	20%	15%	--	9%	22%	17%	23%	23%	9%	16%
Don't know	4%	6%	6%	5%	2%	4%	4%	6%	--	2%	5%	9%	5%	4%	4%	6%

The Multi-Channel Customer Service Environment

Compared to 2007, this year fewer customers tried to resolve their issue through another channel before calling a contact center. More customers are finding answers on company websites and therefore don't need to call a contact center, or don't waste their time with another channel before calling. This change indicates that companies are finding more success in shifting their customers to the channel most appropriate for them, and on the whole this "right-channeling" trend is good for both the customer and the firm. However, an implication of this trend for contact centers is that CSRs are more likely to get a higher proportion of "harder" questions, the kinds of questions that customers cannot find answers to on a website or elsewhere. Firms must account for this in their training programs and in their KPIs (Key Performance Indicators).

CCSI data exposes the negative effects of inadequate right-channeling on customer satisfaction. Customers who tried another method before calling the contact center have a satisfaction score of 64, which is 11 points below those who go directly to the call center (75). While it is difficult to determine if this lower score reflects frustration at trying and failing at another venue before reaching the contact center, or the result of the kinds of questions these multiple-channel customers are asking, the conclusions are clear. Firms are best off when they successfully route their customers to the one channel most appropriate for them, and resolves their issue most effectively and efficiently.

Tried Another Contact Method Before Calling, by Industry, 2007 vs. 2008

	Commercial		Bank		Cable or Satellite TV		Cell Phone Service		Hotel		Insurance		Personal Computer		Retail		
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	
Tried to reach company via another method of contact																	
Yes	39%	27%	42%	30%	35%	17%	46%	29%	--	43%	36%	29%	33%	29%	38%	28%	
No	60%	73%	56%	70%	64%	83%	54%	70%	--	57%	64%	71%	65%	71%	60%	72%	
Don't know	1%	0%	2%	0%	0%	0%	0%	1%	--	0%	0%	0%	2%	0%	2%	0%	

Organizations have made solid strides to provide better online customer support and self-service, but there is still room for improvement. Twenty-two percent of callers go to the web for information, but still need to call the contact center. More than half (51%) of those who tried the website first were simply looking to place an order or check its status, issues a functioning website should be able to handle easily in 2008.

Reason for Call by Industry, 2007 vs. 2008

	Commercial		Bank		Cable or Satellite TV		Cell Phone Service		Hotel		Insurance		Personal Computer		Retail	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Reason for call																
To receive product or service support	65%	64%	68%	64%	72%	67%	68%	69%	--	76%	59%	64%	75%	80%	37%	44%
To place an order or check the status of an order	41%	40%	33%	39%	41%	34%	39%	37%	--	68%	35%	42%	27%	27%	78%	59%
To file a complaint	30%	27%	32%	29%	33%	31%	34%	28%	--	32%	27%	29%	22%	19%	22%	25%
Other	6%	8%	8%	10%	4%	8%	7%	7%	--	3%	13%	13%	4%	6%	5%	7%

Impact of Call Center Performance

It is now commonplace for dissatisfied or disloyal customers to take advantage of the Internet to voice their outrage over poor customer service. Even if the offending agent was fired the same day or the underlying problem resolved in short order, the record of a negative experience can be far-reaching. Over time, these stories can become unwanted business reputations.

The CCSI is designed to capture both past and future customer behaviors. According to the CCSI survey results, the common wisdom that customers are more likely to share a bad experience than a good one applies in dramatic fashion to the contact center experience. Seventy-one percent of customers who had a dissatisfying contact center experience indicate that they've *already* shared this experience with others, compared to just 48% of satisfied customers.

The majority of customers who had a bad experience with a contact center are at risk of defection (65%). Among this group of potentially disloyal customers, 29% are not sure if they will continue doing business with the same company, and a full 36% report that they have already decided not to return.

On the other hand, a satisfying contact center experience motivates customers to become loyal advocates. The vast majority (95%) of a contact center's satisfied customers indicate they will remain with the company. Further, 92% of customers satisfied with the contact center experience will recommend the company.

Offshore Contact Centers Improve

2008 has been a difficult year for Americans, many of whom are facing economic challenges unprecedented in their lifetimes. On average, household savings are negative for the first time since the Great Depression. Real pay is falling for many people, and the employment outlook is uncertain. Anxieties spawned from the mortgage crisis, collapsing housing market, household debt, job security fears, and record food and fuel prices are likely contributing to a heightened awareness of offshore customer service centers and the exportation of American jobs.

Offshore call centers have made significant efforts to improve performance this year, but these efforts are slow to pay off, and customer satisfaction still lags behind. Offshoring can provide significant cost benefits for firms, but executives must ask some hard questions about the potential implications of offshore contact centers on customer service and satisfaction.

The CCSI results address customer perceptions of the location of the call center they have contacted, not the actual location. A significant majority of customers believe they've reached a contact center located in the United States, but the percentage of those who think they have contacted an offshore call center rises to 15% in 2008, up from 11% in 2007. While the level of offshoring is still small in most industries, customers perceive a rise in offshore contact centers in the Banking, Cable and Satellite TV, PCs, and Retail industries compared to last year.

In 2008, offshore contact center problem resolution improves significantly. Accordingly, offshore contact centers also achieve significant gains in satisfaction between 2007 and 2008 (a 10-point improvement), while onshore scores remain flat. Nevertheless, the gap in customer satisfaction between onshore and perceived offshore call centers remains large (75 vs. 59).

Customers who believe they are dealing with an offshore contact center are more than twice as likely to sever relations with the company.

What can we make of these results, and does the location of a contact center *really* matter? To the latter question, the answer is a resounding yes. More than half of those surveyed (52%) say that the location of the call center affects their likelihood to do business with the company in the future, compared to 48% last year. Improved problem resolution this year drives offshore satisfaction scores up, but customers are still more frustrated and less satisfied when they believe they've contacted an offshore center. Economic uncertainty, nationalism, and xenophobia likely play a part in this lower satisfaction, but for many the reason for their dissatisfaction is simple: communication across international boundaries is difficult.

Despite significant improvements in agent performance, offshore CSRs' ability to "speak in an understandable manner" continues to lag behind at 57. While certainly there are language barriers, the bigger issue is that CSRs who are difficult to understand are also less adept at solving customer problems. When customer service representatives are perceived to speak clearly, they also resolve customer issues 85% of the time. When CSRs are difficult to understand, they resolve customer issues only 64% of the time. But the bottom line is this: the CCSI data suggest that offshore call center operations put firms at serious risk of losing customers. Customers who believe they are dealing with an offshore contact center are more than twice as likely to sever relations with the company.

Offshore Contact Centers Improve

Moreover, while language skills are clearly important, there are also gaps in knowledge and effectiveness between onshore and offshore centers. An in-depth understanding of products and services is as important as language skills – perhaps even more so – and to some extent the two undoubtedly go hand-in-hand. Customer service representatives need both language and product skills to be able to effectively solve customer problems.

In sum, firms with offshore contact centers must be vigilant about whether those centers are solving customer problems, or frustrating them further. It is probably not a coincidence that the three industries with the highest CSR scores – hotel (79), insurance (80), and retail (81) – are the only three industries that have offshore contact center percentages in the single digits. Most importantly, it is not enough to have the offshore call centers self-monitor. In addition to the operational metrics already in use, firms need an *independent measure* that captures the voice of the customer. Only in this way can firms accurately estimate the cost-benefit ratio of offshore call centers.

Perceived Contact Center Location, 2007 vs. 2008

	Commercial		Bank		Cable or Satellite TV		Cell Phone Service		Hotel		Insurance		Personal Computer		Retail	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Contact Center Location																
Inside the U.S.	78%	76%	82%	76%	83%	79%	74%	72%	--	87%	91%	90%	50%	56%	86%	83%
Outside the U.S.	11%	15%	6%	15%	9%	14%	14%	16%	--	8%	6%	4%	25%	34%	3%	7%
Don't know	11%	9%	12%	9%	8%	7%	13%	12%	--	5%	3%	5%	25%	11%	11%	10%

Bank Contact Center Satisfaction

Of the eight industries measured in the Contact Center Satisfaction Index, bank contact centers lose the most ground this year, down 8% to 71 on the Index's 100-point scale. In the wake of the mortgage crisis, customer satisfaction with banking call centers is now slightly below the CCSI overall average. Compared to last year, more than twice as many customers believe their bank contact center is located offshore. However, banks are now doing a better job of directing customers to other methods of contact, such as websites.

Bank Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Bank	
	2007	2008	2007	2008
Customer Satisfaction	70	72	77	71

Ninety percent of customers who have a good experience with the banking contact center will recommend the company to others. Of customers who report a bad experience with a bank's contact center, 41% are at risk of defection; half of them have already decided to leave. Fifty-nine percent of dissatisfied customers have already spread the word about their negative experience.

There are often significant switching barriers in the banking industry, and while these can be costly and painful, customers who experience bad service from a bank have many others to choose from. Banking is an extremely competitive industry, and there is great potential for firms to distinguish themselves by establishing excellent customer service through their contact centers.

Bank Contact Center Satisfaction

Customer Service Representatives

Banks can rest assured that the decline in satisfaction with their contact centers is not related to the performance of their CSRs. Bank CSRs continue to score well, equal to the national average of 77.

Bank Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Bank	
	2007	2008	2007	2008
Customer Service Representative	77	77	79	77
Courteousness	80	81	81	82
Speaking in an understandable manner	77	78	79	79
Knowledge	75	76	78	77
Interest in helping you	77	77	81	77
Effectiveness in handling your issue	73	73	78	73

Why Customers Call

Customers call contact centers for many reasons, and the reasons vary greatly by industry. In the banking industry, the overwhelming majority of customers (64%) call to receive product or service support. Less than one-third of customers (29%) called to lodge a complaint. These numbers are largely unchanged from last year.

The Call Center's Role in a Multi-Channel Environment

The good news for banks is that they have become more successful at right-channeling – in this case, at directing customers to the Internet for self-service – and through this have reduced the volume of calls to their contact centers. Compared to 2007, fewer customers tried unsuccessfully to resolve their issue through another channel before calling the contact center. This trend is a result of website enhancements, allowing customers to find their own answers to common questions. Only 30% of customers (compared to 42% last year) were unable to solve their issue via another channel before calling the contact center.

Bank Contact Center Satisfaction

Issue Resolution

Nineteen percent of bank customers who called a contact center did not have their issue resolved. Bank customers with unresolved issues are at least four times more likely to defect. Their customer satisfaction scores are very low compared to customers who have achieved resolution (38 vs. 80). More than half of customers with unresolved issues have already shared stories of their bad experience with others.

To the extent possible, banks will benefit from ensuring that representatives are trained and have the tools necessary to resolve customer issues during the first call. Customers whose issues are resolved on the first call are far more satisfied, and even if resolution is achieved on the second call customer satisfaction has already dropped from 80 to 65. If issue resolution requires 3 or more calls for the bank customer, satisfaction drops to a terrible 47.

Offshoring

Offshoring is a key driver in the decline of customer satisfaction with banking contact centers. Banks with offshore contact centers score 61, while those located in the U.S. score 73.

In uncertain economic times, bank customers are becoming more critical of offshore operations. Unlike 2007, the majority of customers report that knowing that their bank's contact center is located outside of the U.S. affects their likelihood to continue doing business with that company.

Customer satisfaction for offshore contact centers that resolved the customer's problem is significantly lower than onshore contact centers that did the same (70 vs. 82). Despite improving effectiveness, problem solving abilities, and the courtesy of offshore agents, difficulties communicating and lack of knowledge continues to result in lower scores for these contact centers. But the language barrier is only a symptom of a larger problem. Even if the problem is solved by an offshore center, customers are still less satisfied, which further suggests some degree of resentment that jobs are offshored.

Cable and Satellite TV Contact Center Satisfaction

With a score of 66 and down 3% from last year, customer satisfaction with cable and satellite TV contact centers is lower than any other industry measured in the CCSI. This result makes sense; since first measured in the ACSI in 2001, the cable and satellite TV industry has consistently been among the least satisfying of any measured industry. Recent ACSI results reveal that the largest cable and satellite providers continue to decline or perform poorly.

Cable and Satellite TV Contact Center Satisfaction Scores 2007 vs. 2008

	Commercial		Cable or Satellite TV	
	2007	2008	2007	2008
Customer Satisfaction	70	72	68	66

Compared to last year, fewer cable and satellite TV customers will recommend the company based on their experience with the contact center. Eighty-five percent of satisfied customers will recommend the company, and 44% have already shared their experience with others. However, 69% of dissatisfied customers have already shared the story of their negative contact center experience.

The Call Center's Role in a Multi-Channel Environment

Compared to last year, fewer callers to cable and satellite TV contact centers tried to resolve their issue through another avenue before turning to the contact center (17%, down from 35%). This result is indicative of website improvements in the industry, as increasingly cable and satellite companies are building websites that allow customers to pay bills, alter services or order new services, and so forth.

Why Customers Call

Compared to 2007, a smaller proportion of customers are calling contact centers with issues that are effectively handled online, like to place an order or check on an order's status (34%, down from 41%). Most customers are calling to receive product or service support. As mentioned above, many customers are now able to find answers from company websites or retail kiosks.

Cable and Satellite TV Contact Center Satisfaction

Customer Service Representatives

Cable and satellite TV CSRs score 73, down 3% from last year. Industry CSRs' strongest trait is courtesy, but these agents are still outperformed on courteousness by every other measured industry. Unfortunately, customers consider courtesy a 'given', and this attribute only impacts customer satisfaction when it is absent. Cable and satellite TV CSRs show the most room for improvement in handling customer issues effectively. Here too they score lower (at 69) than any other measured industry.

Cable and Satellite TV Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Cable or Satellite TV	
	2007	2008	2007	2008
Customer Service Representative	77	77	75	73
Courteousness	80	81	78	78
Speaking in an understandable manner	77	78	76	75
Knowledge	75	76	73	71
Interest in helping you	77	77	76	74
Effectiveness in handling your issue	73	73	72	69

Issue Resolution

Twenty percent of customers end their cable and satellite contact center experience with unresolved issues, down one percentage point from last year. These customers are 5 times more likely to defect. Cable and satellite TV companies perform worse than any other industry in terms of issue resolution, and that translates to the lowest call center satisfaction of any industry measured. This is an area with great potential for companies to outshine their competitors. Customers whose issues are resolved are far more satisfied than those with unresolved issues (75 vs. 34). First call resolution is critical as well. Even when issues are resolved on the second call satisfaction drops from 80 to 63.

Offshoring

Offshoring customer service may reduce costs, but the costs to customer satisfaction are noteworthy. Customers who deal with a U.S.-based contact center have higher satisfaction than the industry overall. Satisfaction with offshore contact centers is only 55. Onshore contact centers beat the industry overall with a score of 68. Compared to last year, 56% more cable and satellite TV customers believe that the contact center is located outside of the United States. This industry already suffers from a damaged public image, and for many customers, offshoring makes a bad reputation worse.

Cell Phone Service Contact Center Satisfaction

Since their inclusion as an industry in the ACSI in 2004, cellular phone service customers have consistently been some of the least satisfied. Consumers have become leery of the industry's long-term contracts, hidden fees, and switching barriers, and will not hesitate to express their displeasure to CSRs and others.

However, the industry seems to have taken notice and customer satisfaction with cellular service contact centers improves this year by 4% to 72 (and for one company, Sprint, taking notice meant "firing" a large portion of their complaining customers by terminating their contracts – an interesting strategy for improving satisfaction). The cell phone industry has successfully improved issue resolution, outperforming all others measured (with the exception of hotels, for which the majority of customers call simply to place or amend reservations.)

Competition in the cellular industry is fierce, and because number portability now allows customers to take their phone number to a new service provider, the stakes are higher than ever. In an industry bombarded with negative publicity, good customer service has become a competitive advantage.

Cellular Service Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Cell Phone Service	
	2007	2008	2007	2008
Customer Satisfaction	70	72	69	72

Cell Phone Service Contact Center Satisfaction

The Call Center's Role in a Multi-Channel Environment

Website improvements in the industry have made it possible for more customers to self-serve and answer their own questions. Compared to 2007, fewer cellular service customers tried to resolve their issue through another channel and still needed to call the contact center.

Why Customers Call

In 2008, a slightly smaller proportion of customers called cellular service contact centers to place an order or check its status (37%, compared to 39% last year). The vast majority of customers are calling to receive product or service support.

Customer Service Representatives

CSRs at cellular service contact centers receive a rating of 76, up 1% from last year. The average rating of CSRs across all measured industries is 77. The cellular service industry is one of only two industries whose CSRs fail to receive a score higher than 80 on any of the five traits evaluated. Cellular service CSRs' highest mark is for courteousness (79).

The most room for improvement for these CSRs is in handling issues effectively. Companies seeking to outperform the competition will benefit from ensuring that representatives have the tools, information, and authority necessary to resolve issues efficiently and quickly.

Cellular Service Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Cell Phone Service	
	2007	2008	2007	2008
Customer Service Representative	77	77	75	76
Courteousness	80	81	79	79
Speaking in an understandable manner	77	78	76	75
Knowledge	75	76	74	75
Interest in helping you	77	77	73	76
Effectiveness in handling your issue	73	73	72	73

Cell Phone Service Contact Center Satisfaction

Issue Resolution

As is the case across all industries measured, a significant difference exists between cellular service customers whose issue is resolved and those whose issue is not resolved, and how many calls are needed to achieve resolution. Customer satisfaction with cellular service contact centers is 40% higher for those customers whose issue is resolved on the first call (82). If the issue is resolved after two or more calls, satisfaction drops to 58. As a result, first call resolution strongly impacts loyalty; while 90% of customers whose problem was resolved on the first call indicate they will continue doing business with the same firm, this number drops to 62% for those who had to call more than once.

The cell phone industry has made impressive improvements in achieving problem resolution. Only 15% of callers hang up with their issue unresolved, compared to 20% the previous year. Still, satisfaction is 39 points lower for customers who do not get their issue resolved. As a result, 64% of these customers are likely to defect. Also, 68% of these disgruntled customers have already communicated their bad experience to others.

Offshoring

Customers give very low satisfaction scores to contact centers they believe are located outside the U.S. Offshore CSRs score poorly for speaking in an understandable manner. If customers are struggling to understand an agent, they are probably having difficulty communicating their issue effectively and getting that issue resolved. Consequently, offshore CSRs score poorly on issue handling. Twenty-three percent of customers who contact an offshore center report ending the contact with their issue unresolved, compared to just 14% of onshore contact center customers. When asked if the location of a contact center affects their likelihood to do business with the same company in the future, 53% said that it does, compared to 47% in 2007.

Multi-Channel Retail Contact Center Satisfaction

Satisfaction with retail call centers drops 5% to 76, the second largest industry-level decline this year, behind only the banking industry. Still, at a score of 76 the industry performs better than the commercial-wide average of 72, and better than most other industries, with the only two exceptions being hotels and insurance. But in an industry with many choices and low switching costs, this negative trend in contact center satisfaction does not bode well.

Retail Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Retail	
	2007	2008	2007	2008
Customer Satisfaction	70	72	80	76

The Call Center's Role in a Multi-Channel Environment

Compared to 2007, fewer retail callers to the contact center tried another method of contact first, down 10 percentage points to 28%. Like several industries mentioned above, retailers are finding success in steering their customers to the channel most appropriate for their problem or issue. In retail, those channels may include online retail or the traditional brick and mortar environment, though there are still plenty of consumers that opt to communicate over the phone.

Multi-Channel Retail Contact Center Satisfaction

Customer Service Representatives

At a score of 81, the retail industry's CSRs continue to outperform those of any other measured industry. Retail CSRs perform best on courteousness, and worst on issue handling. Among the individual attributes, the knowledge of the CSRs drops the most this year, down 7% to 79.

Retail Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Retail	
	2007	2008	2007	2008
Customer Service Representative	77	77	85	81
Courteousness	80	81	87	84
Speaking in an understandable manner	77	78	86	83
Knowledge	75	76	85	79
Interest in helping you	77	77	86	81
Effectiveness in handling your issue	73	73	83	77

Why Customers Call

In 2008, a smaller proportion of customers call to place an order or check the status of their order. However, slightly more customers call to lodge a complaint with a CSR (25%), and 44% call to receive support with a product or service.

Issue Resolution

Seventy-seven percent of retail customers who call a contact center have their issue resolved. While this figure puts the retail industry behind only cellular service in issue resolution success, this score is down a large 10 percentage points from 2007. This negative trend is one that industry cannot afford to ignore. Customers with unresolved issues are at more than eight times more likely to defect. As customers right-channel the easy questions to the web, it is imperative that firms prepare the call center staff for more challenging queries. Firms must continuously evaluate the issues being brought to their contact centers to ensure that staff is properly trained.

Customers with unresolved issues are more than eight times more likely to defect.

Multi-Channel Retail Contact Center Satisfaction

Offshoring

Only 7% of customers contacting a retail call center believe that the center is located outside the U.S. This is the second lowest percentage of customers indicating that their call center was located offshore, behind only the insurance industry. It is probably not coincidental that the three industries with the highest call center CSR scores – hotel at 79, insurance at 80, and retail at 81 – are the only three industries that have offshore contact center percentages in the single digits.

Insurance Contact Center Satisfaction

Because of sky-rocketing health care costs, many insurance providers are downsizing their expensive claims staffs, and relying more on their call centers and CSRs. Contact centers are clearly working hard to pick up the slack, and insurance providers seem to be reaping the benefits in terms of customer satisfaction. Despite its economic troubles, the insurance industry shows remarkable improvement in customer satisfaction with contact centers, up 10% from last year to a score of 75. These contact centers perform among the best of all eight industries measured by the CCSI, only slightly behind retail (76) and hotels (78). Based on their experience with an insurance contact center, 71% of customers will recommend their company to others, compared to just 63% last year.

Insurance Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Insurance	
	2007	2008	2007	2008
Customer Satisfaction	70	72	68	75

The Call Center’s Role in a Multi-Channel Environment

This year 29% of customers tried to resolve their issue through another channel before calling the contact center. This figure is down from 36% in 2007.

Why Customers Call

In 2008, a larger proportion of customers – 42% – called their insurance contact center to place an order or check its status, up from just 35% in 2007. Unlike several other industries this year, insurance companies do not appear to be taking advantage of alternative and less costly venues, such as websites, to allow customers to self-serve.

Self-service as a business model appears to be slow-coming to this industry. The nature of this particular service and the complexity of different insurance plans and rate schedules force some customers to seek personalized human intervention, in the form of a contact center and a CSR.

Insurance Contact Center Satisfaction

Customer Service Representatives

Insurance CSRs gain 4% this year to a score of 80, putting the industry near the top of all measured industries. Insurance industry CSRs outperform most other industries, and are second only to retail (81).

Insurance CSRs show an impressive 5% gain in knowledge to a score of 80, leading every other industry in this category. Firms looking to gain a competitive advantage will find the most potential in improving agent effectiveness at handling issues, the lowest scoring of all CSR attributes for this industry at 75.

Insurance Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Insurance	
	2007	2008	2007	2008
Customer Service Representative	77	77	77	80
Courteousness	80	81	81	83
Speaking in an understandable manner	77	78	82	83
Knowledge	75	76	75	80
Interest in helping you	77	77	77	80
Effectiveness in handling your issue	73	73	73	75

Issue Resolution

The inability to resolve issues is a strong driver of customer defection for this industry. Customers with unresolved issues are 4 times more likely to defect. Seventeen percent of customers report that their issue is still unresolved after calling, and the gap in satisfaction between customers with resolved and unresolved issues is wide (83 vs. 44). The CCSI data suggest that 43% of customers with unresolved issues have already decided to leave or are undecided about doing business with the company in the future. First-call resolution is optimal for this industry; these customers have a satisfaction score of 86. When resolution requires 2 or more calls, satisfaction drops 28% to 62.

Offshoring

The perceived level of offshore contact centers in the insurance industry is very low at just 4%, but the impact on retention is noteworthy. Location of contact centers matters more for insurance customers than for all other industries in terms of customer loyalty. The majority of insurance customers (58%) say location outside the U.S. does affect their likelihood of doing business with the same company again, while only 33% say location does not matter.

Personal Computer Contact Center Satisfaction

Perhaps more than any other industry, PC companies have been blasted by negative press concerning exhausting and ineffective contact center experiences. Tales of poor service, poorly-trained staff and an inability to resolve customer problems abound for this industry. But the industry seems to have taken notice.

Customer satisfaction with PC contact centers is up 8% to 69 this year. Call center operations have improved, and the industry is no longer the worst performer, with a score that bests contact centers in the cable and satellite TV industry.

Personal Computer Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Personal Computer	
	2007	2008	2007	2008
Customer Satisfaction	70	72	64	69

Why Customers Call

In 2008, 27% of customers are contacting the call center to place an order or check its status, the same percentage as last year. This percentage is the lowest of any measured industry, which reflects the fact that the PC industry has done a good job utilizing websites to allow customers to not only purchase products, but to do so in a way that allows easy consumer-driven customization, something that circumvents the need for additional contact with a CSR.

Personal Computer Contact Center Satisfaction

Customer Service Representatives

CSRs in the PC industry receive an excellent score of 81 for courtesy, but the overall score of 75 reveals considerable room for improvement. The lowest scores are for speaking in an understandable manner and issue handling (both at 71). These two problem areas are interconnected, and undoubtedly reflect the fact that more PC contact centers are perceived to be offshore than those of any other industry.

Personal Computer Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Personal Computer	
	2007	2008	2007	2008
Customer Service Representative	77	77	72	75
Courteousness	80	81	80	81
Speaking in an understandable manner	77	78	69	71
Knowledge	75	76	72	75
Interest in helping you	77	77	75	77
Effectiveness in handling your issue	73	73	66	71

Issue Resolution

Twenty-three percent of PC contact center customers hang-up with their issue unresolved, the highest percentage of unresolved issues of any industry measured. PC firms are at major risk if they are unable to improve this issue resolution percentage. The difference in the satisfaction score of customers with unresolved issues (43) compared to those whose issue was resolved (77) should be motivation enough for the industry. More than half of customers with an unresolved issue are at risk of defection or have already decided to leave.

First-call resolution is a tremendous boost to customer satisfaction for customers in this industry. Customers whose problem was resolved on the first call rate PC contact centers 80. If resolution is achieved on any subsequent call, satisfaction drops nearly 30% to 57.

Personal Computer Contact Center Satisfaction

Offshoring

Thirty-four percent of customers who contact a PC call center believe the center is located offshore, far more than any other measured industry. The PC industry suffered a tarnished reputation among consumers and media when firms began to offshore front-office operations. Some firms have made considerable efforts to improve the quality of offshore service, and while the public is unlikely to applaud them for this, the results are apparent in the 2008 CCSI.

While satisfaction with U.S.-based PC contact centers is unchanged, the offshore score improves seven points. Companies have worked to provide offshore CSRs with the tools necessary to succeed, and the effectiveness of issue handling gains 11 points.

Despite these improvements, the cost of offshoring in customer satisfaction for the industry is still significant. The customer satisfaction score for U.S. based PC contact centers is 77, while offshore contact centers score 23% lower, at only 59.

Hotel Contact Center Satisfaction

A new addition to the CCSI in 2008, contact centers in the hotel industry outperform all other industries measured in this study, debuting with a score of 78. For an industry centered on hospitality and strong customer service, hotels seem to recognize the importance of solid contact center experiences.

Hotel Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Hotel	
	2007	2008	2007	2008
Customer Satisfaction	70	72	--	78

The Call Center's Role in a Multi-Channel Environment

Forty-three percent of hotel customers tried to resolve their issue through another means before contacting the call center. A full 81% tried to resolve their issue through the hotel's website before calling the contact center, and taken together these two figures speak to some deficiencies in the usability and functionality of websites in this industry. Hotels should look to website improvements to provide customers with more ability to self-serve, something that will also benefit the bottom-line.

Why Customers Call

The CCSI data show that 68% of people call hotel contact centers to place an order or check its status. This is a higher percentage than any other measured industry, and this too likely speaks to a great potential to improve hotel websites. While call centers will probably never become obsolete in this industry, reserving a hotel room is a function that can almost universally be performed online today, and more efficient websites would reduce the load (and associated costs) on contact centers.

Hotel Contact Center Satisfaction

Customer Service Representatives

Customer service representatives in the hotel industry perform well with a score of 79, just slightly below those in the insurance (80) and retail (81) industries. However, hotel CSRs outpace CSRs in all other industries in issue handling.

Hotel Customer Service Representative (CSR) Scores, 2007 vs. 2008

	Commercial		Hotel	
	2007	2008	2007	2008
Customer Service Representative	77	77	--	79
Courteousness	80	81	--	80
Speaking in an understandable manner	77	78	--	79
Knowledge	75	76	--	79
Interest in helping you	77	77	--	78
Effectiveness in handling your issue	73	73	--	79

Issue Resolution

Only 9% of callers to hotel call centers end the call with their issue unresolved, an advantage for this industry over all others measured by the CCSI. Hotels strive to resolve issues for good reason. When customers' issues are resolved by the hotel contact center, satisfaction is 82. Satisfaction plummets dramatically when issues are unresolved, as it seems customer expectations for resolution are much higher for hotel industry call centers. Customers with unresolved issues are 7 times more likely to defect. Unresolved issues result in a satisfaction score of only 37, less than half than when issues are resolved.

Government Contact Center Satisfaction

Government contact centers make their debut in the 2008 CCSI with a score of 70. This score is two points higher than the ACSI overall government satisfaction score of 68.

Government is tasked with a very difficult job in satisfying its citizen-customers. Government agencies are expected to provide exceptional service, but must do so with limited and tightly regulated budgets. Many agencies and departments have missions that are regulatory by nature, meaning that citizens are often *forced* to interact with government in the first place, unlike almost all of the private sector. And because of the proliferation of government agency websites and the “e-government revolution,” many citizens turn to a government call center only when they are unable to find answers on the agency website; in other words, they have already expended time with little to show for it by the time they first contact the call center.

With this in mind, call centers are a bright spot for government, actually pulling the overall government average up. While there is some variation, most individual agencies and departments register call center satisfaction scores above the overall ACSI satisfaction average of 68. Government-wide, contact center satisfaction is just 2 points below the average for all commercial industries measured in the CCSI, indicating that government is nearly matching the performance standards set by the private sector when it comes to the contact center.

Government Contact Center Satisfaction Scores, 2007 vs. 2008

	Commercial		Government	
	2007	2008	2007	2008
Customer Satisfaction	70	72	--	70

Why Citizens Call

The CCSI data show that 70% of callers to government CSRs are seeking help with a product or service. As mentioned above, many of these customers have tried another venue first to receive this support and been unsuccessful, and a majority of them have tried a website first. While ACSI scores indicate that e-government outperforms “off-line” government by a considerable margin, the CCSI results indicate that government could reap even more cost benefits by improving their websites and reducing the need for more costly CSRs and contact centers.

Government Contact Center Satisfaction

Customer Service Representatives

Generally speaking, government CSRs perform well. While they score highest on speaking in an understandable manner (77) and lowest on interest in helping (72), all of the attribute scores are tightly grouped in the mid 70s. Similar to satisfaction, the score for government CSRs is also quite nearly equal to the average score for all commercial industries, once again indicating that government is nearly matching the performance of the private sector.

Government Customer Service Representative Scores vs. Commercial, 2008

	Commercial	Government
	2008	2008
Customer Service Representative	77	74
Courteousness	81	76
Speaking in an understandable manner	78	77
Knowledge	76	75
Interest in helping you	77	72
Effectiveness in handling your issue	73	73

Issue Resolution

Twenty-one percent of callers to a government contact center indicate that their issue remained unresolved after the call. While not an outstanding score, this does place the government above one private sector industry (PCs) and roughly at the commercial-wide average of 20%.

Offshoring

Only 7% of government customers believe the contact center they called was located offshore, a percentage that puts government among the industries with the lowest offshoring percentages.

Summary and Conclusions

The contact center experience is an integral part of overall satisfaction with a company or organization, a crucial element in securing customer loyalty, and the basis of a sound strategy for promoting positive customer word-of-mouth.

How can firms use the results presented here to maximize financial performance? A comprehensive strategy for achieving profitable customer satisfaction monitors the voice of the customer as a part of overall enterprise performance, including customer perceptions across the entire customer base, in addition to contact center experience and website measures.

Across the eight industries included in the CCSI, nearly 20% of all callers came away from their contact center interaction with unresolved issues. Among those customers, 53% are likely to defect from the company to a competitor. This is a substantial defection rate based solely on the call center experience. Given the high cost of new customer acquisition – which often includes advertising, price promotions, and other incentives – the potential costs of such defection are substantial and may far outweigh the cost for retaining those customers through an improved contact center experience. It is crucial that companies solve customer issues and ensure that CSRs have the necessary tools to do so.

How should firms deal with offshoring? While rising unemployment and consumer resistance to offshoring jobs in general is a concern, the CCSI results indicate that it is the CSRs in these offshore locations that are the real issue. Offshore contact center interactions contribute to customer dissatisfaction because CSRs in these locations are perceived to be less adept at communicating effectively. And when communication skills are poor, more customer issues remain unresolved. But even when customer issues are resolved by offshore CSRs, customers are still less satisfied. To protect customer satisfaction while seeking cost reductions, firms should consider offshoring back-office functions only, and where front-office operations are offshored, companies must ensure that these CSRs are understandable and able to solve problems.

The CCSI data indicates that contact centers are critical points of engagement between a company and its customers. Results-driven organizations must determine precisely how well customers are being satisfied by their call centers. If firms train contact center CSRs well, if they value customer feedback and if issue resolution is the goal, these contact centers can serve as engines of customer loyalty and help secure a company's return on investment. A scientific, consistent, and actionable measure of contact center customer satisfaction is the most effective way to ensure quality performance.

About the Research

About the Contact Center Satisfaction Index

CFI Group conducted the Contact Center Satisfaction Index research through online surveys of over 2,200 participants. Qualified respondents had called a contact center within the previous month and had interacted with a customer service representative. The respondents evaluated their most recent contact center experience through their answers to twenty questions.

CFI Group used the University of Michigan's American Customer Satisfaction Index methodology (the "gold standard" in customer satisfaction measurement) to evaluate customer satisfaction and to determine the key drivers of satisfaction with contact centers. The methodology also quantifies the link between satisfaction and key future customer behaviors. Customer satisfaction as measured by ACSI has a statistically proven connection with financial results, through positive word of mouth, customer loyalty and retention, share-of-wallet, and other desirable behaviors.

About CFI Group

CFI Group (www.cfigroup.com) provides its measurement solutions worldwide, through 12 offices on four continents. Launched in 1988 by University of Michigan professor Claes Fornell, CFI Group is headquartered in Ann Arbor, Michigan. It uses rigorous measurement science to diagnose its clients' customer relationships, resulting in exacting advice on actions that strengthen these relationships and improve clients' overall financial performance. CFI Group methodology is used as the basis for calculating the American Customer Satisfaction Index (ACSI) via the Ross School of Business at the University of Michigan. CFI Group clients include AT&T, Best Buy, British Telecom, Domino's Pizza, the U.S. Federal Government, UPS, Yahoo! and other leading companies around the world.

About the ACSI

The American Customer Satisfaction Index (www.theACSI.org) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The overall ACSI score for a given quarter factors in scores from about 200 companies in 43 industries and from government agencies over the previous four quarters. The Index is produced by the University of Michigan's Ross School of Business in partnership with the American Society for Quality and CFI Group.