

cards & payments

INTELLIGENCE

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Issue No .2

**RE-GAINING
BRAND TRUST**

**FUTURE OF CREDIT
DECISIONING**

**MOBILE PAYMENTS
IN SWEDEN**

And more inside



Editorial

Welcome to the second edition of Cards & Payments Intelligence – we have been overwhelmed with the response to our first edition. Thanks for all your comments and feedback.

Our intent is to provide you, the reader, with insightful thought leadership from industry experts from across the globe. Sweden is one of those countries that often leads the way in new technologies in the payments space. We have an interesting article on how mobile technologies are evolving there, providing us with insight to the thinking and perhaps the next stage for mobile.

Last edition we spoke about building a brand, this edition we continue the theme with some research findings on how a brand re-gains trust. The consumer insight in the brand, the trust the bank must display and how it can be applied is critical in a post-financial crisis world.

Taking customer experience to the next level is a hot topic, here Martin Jukes talks about measuring the experience especially across all channels where the KPI & measures are often measuring the wrong things and driving the wrong behaviours.

We welcome further feedback and please let us know if you have any particular topics or articles in mind.

Julian Sawyer

Editor, Cards & Payments Intelligence
editor@redwoodapps.com

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Measuring Customer Experience to Improve Profitability

Written by Martin Jukes
Managing Director of Mpathy Plus

For many organisations, customer feedback is used extensively to measure performance, make improvements and develop the business to become more customer friendly. There is nothing wrong with doing this, indeed it should be encouraged. But for many organisations the difficulty is in getting quality feedback from customers.

Traditional customer satisfaction measures can be helpful but in reality, response rates are generally low and typically are at either end of the scale; either very good or a dissatisfied customer. The majority of customers do not respond to questionnaires so as a result the data is only really suitable for trend analysis. Traditional customer satisfaction measures may highlight that there is an issue but will not provide sufficient indication as to what the problem may be.

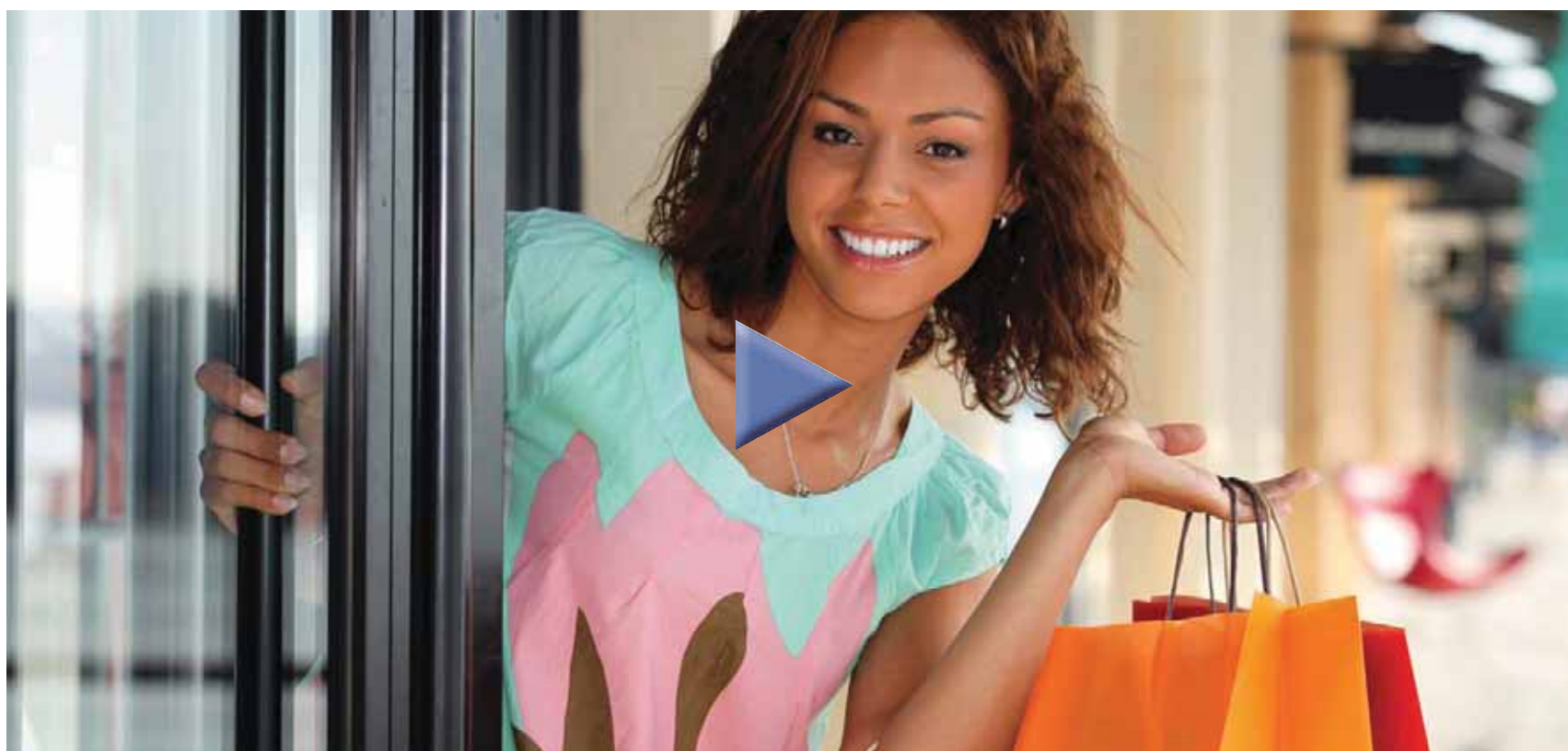
When considering that customer expectations are formed through their experiences as customers of a wide range of organisations it is possible that standing still would see a reduction in customer satisfaction.

Mystery shopping is good if used in a context that is typical for a customer. For example, opening a new account could be easy but making enquiries about existing accounts and services

requires the use of dummy accounts or the ability to delete accounts after using them in this way.

Measuring the customer experience and the empathy shown towards that customer looks at the service from the customer's perspective. So for a credit card customer it may be the initial engagement, the registration, ongoing account management or closing the account. Of course the majority of transactions would be in the account management stage i.e. when the card is being used. As customers we would like to receive great service throughout the whole relationship but as can be seen in this video story that is not always the case.

The customer experience has always been difficult to define. For some it is an extension of customer service, for others it is everything to do with the brand and touchpoints. I like to think that it is to do with every time a customer has contact with that organisation. This may be related to marketing material, telephone service, website or indeed a television commercial. All have the ability to turn a customer off. Walking into a retail outlet is all part of the customer experience whether you make a purchase or not. It will create an impression that may encourage or discourage further examination of the store and the items for sale, maybe not then but maybe on a return visit.



By far the most common engagement with customers is through ongoing communication with a live account. This may be the monthly statement, the service provided by the contact centre, the corporate website or any other communication channel. From experience, customers often buy because of price but leave because of a bad experience, often as a result of engagement with the customer service teams. The conversation is important but it is only part of the experience. Numbering strategies, routing of contacts and security are all part of the experience that can disappoint. Consideration needs to be given as to why it is so complicated to transact with a company.

Is it benefitting the customer or the organisation?

As an illustration, if I call my credit card company I am asked to key in the 16 digit card number to make sure that I am routed to the correct department. It is frustrating to eventually speak to somebody and then be asked for the same credit card number again. I had been told that entering the number would help me so why do I have to repeat it?

I may then be asked security questions that are often difficult to provide unless I have a recent statement in front of me. But that assumes that it is only me that sees the statement!

I recently travelled abroad and my card was suspended. This was a cause of major embarrassment when trying to use the card as it was declined when checking into a hotel. I received a call from the credit card company and was 'activated' again but only after having been made to feel like a criminal. There was a real opportunity to build a relationship with me but there was no engagement. I was in a capital city for a break so there were many potential topics of conversation but not even a call closure hoping I had a nice break and sorry for any embarrassment caused.

Walking into a retail outlet is all part of the customer experience whether you make a purchase or not.

These three examples show why the customer experience for me is often lacking from my perspective, as a customer. So as a result I have no loyalty and it is really only my apathy that prevents me from moving to a new provider. Or is it because I believe that every credit card company is the same?

Customers want to be treated as individuals. We desire recognition and personalisation. We don't want to be treated as a number.

Credit cards provide the opportunity for many customers to make lifestyle purchases such as entertainment, holidays, gifts. The relationship could be one that is really positive as it is the credit card that enables these positive purchases. But it doesn't seem to happen.



Credit cards were included in a benchmark study of 150 organisations where it was academically proven that there was a strong correlation between empathy and profitability. In the study and in comparison to 10 other industries including telephone banking, health insurance, mobile phones, motor insurance, mortgages, loans, home insurance, savings, life insurance and catalogue clothing, the industry average for demonstrating empathy was lowest in credit cards.

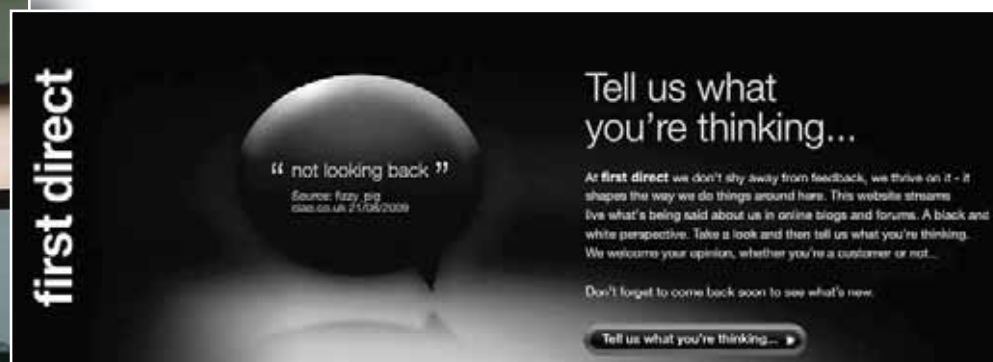
There must be a real opportunity to improve the customer experience and improve the bottom line. A better relationship may increase the number of credit card purchases but it may also reduce the number of telephone calls into the company.

Customers want to be treated as individuals. We desire recognition and personalisation. We don't want to be treated as a number.

Financial Services have provided the lead in many aspects of customer service for some time. Whether this is in changing opening hours, providing greater access to services through other channels or indeed better systems they have invested heavily in winning and retaining customers.

So what would an audit of the customer experience tell you? Well it would give information about how well an organisation performs in terms of the empathy shown towards customers in detailed measureable terms. For many, customer service measurement has been on a numerical scale with little opportunity to differentiate between scores. Organisations frequently talk about their percentage customer satisfaction scores but what does that mean and how is it useful? It is only really of interest to the





organisation internally. What is really required is something far more meaningful that will identify what the issues are.

What is really important is how does the customer really feel. It is not about WHAT an organisation does but more importantly HOW it does it. In recent times some organisations such as First Direct and John Lewis have become well known and respected for the service that they provide because they have focused on making it personal. They have invested in a service that creates real loyalty.

If a telephone calls starts with a bland greeting then it is difficult to improve. If there is a perception that the person at the other end of the phone does not really care then there is a lack of trust in what they are saying. Customers will often make multiple calls if they are not happy with the answer that they receive. If they do not form a relationship they will want to complete the call as quickly as possible and possibly have to call back again. All of these are examples of how poor service can increase the cost of service. Driving call durations down can be the most expensive activity that some organisations do because they simply result in more calls and an increase in the total handling time.



Of course the customer experience is only one of a number of factors that create excellent performance but it is one that is sadly lacking in measurement.

In order to make a real difference there needs to be a focus on all of the above elements. Ensuring that customer service operations have the correct infrastructure with regards to people, process, technology and the place are also important.

Ensuring that people satisfaction is positive and that they are sufficiently motivated will make an enormous difference. And of course there is a need to ensure that services are provided in a manner that provides suitable and appropriate value for money. But when it really comes down to it, understanding how the customer experience is felt by customers is what will make the biggest difference and in turn will lead on the development of the other criteria.



Martin Jukes is Managing Director of Customer Service and Contact Centre Experts Mpathy Plus.

Mpathy Plus are established as a provider of management consultancy and support services that includes developing and implementing strategies, performance reviews and improvement, managing change programmes and providing supporting resources. Mpathy Plus are passionate about the importance of the customer experience and the various components that contribute to it. For further information of an initial discussion please contact Martin on 08450 569800.



www.mpathyplus.co.uk



martin@mpathyplus.co.uk

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