SERVICE
EXCELLENCE
COCKPIT

Service Excellence Cockpit

Management Summary 2019

www.service-excellence-cockpit.org

Zürich, August 2019

Editorial

Dear reader

We are pleased to present the 6th report on the Service Excellence Cockpit. This year again, a lot more participants took part in the survey.

In the last year we heard the term "Service Excellence" at more and more occasions. Service Excellence Managers are hired, courses on Service Excellence are taught and even the "Marketiers" are using the term, because they start to comprehend customer service as a driver for customer satisfaction. We are of course pleased with this successful spreading of the term and are also proud of the impact we were able to make on this development with the Service Excellence Cockpit. It's the result of a bigger strategic meaning for customer care, as we can confirm with our benchmarking data. This development is based on a **constant striving for better customer satisfaction and higher quality in customer service** which leads to added value for the customers and companies.

After 6 years of measuring and comparing the most important KPIS, thanks to our benchmarking, we are increasingly in a position to identify the levers and measures for improvement.

Our data analysis shows that a service center's strategic direction has an impact on business performance and customer experience. A more strategic awareness of customer service has a significantly positive correlation with customer satisfaction and Net Promotor Score (NPS) and thus with the quality of the customer service provided. You can find out more about this in this year's Excursus, which we warmly recommend as a read.

In addition, you will certainly be interested in how the many technological possibilities affect the work of the employees and the performance in customer service.

This is what the Service Excellence Community values.

For ***Joseph Jossen of the Swiss Federal Railways*** "a constant comparison with other service centers ensures that new trends are not missed, for which the Service Excellence Cockpit is excellently suited".

Johannes Kroker, Entega Energie adds: "The Service Excellence Cockpit allows me to look beyond company and industry boundaries. What I particularly like is how the Cockpit team responds to the concerns of the users. We suggested introducing the key figure Number of Contacts to Number of Customers. In the next survey this KPI was integrated!

And Reto Frei from Swisscom was able to "demonstrate to the management team the need for transformation with the help of the objective benchmarking figures from the Service Excellence Cockpit".

The **aim of the Service Excellence Cockpit** remains, to make **customer service measurable** and **comparable** and thus create the foundations to continuously improve the quality in the service centers. For we are convinced that **customer service** in our world of interchangeable products and services is **becoming a decisive competitive advantage**.

We are pleased to present a detailed summary of the relevant market data for the service center industry in this report.

With excellent greetings

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Service Excellence Cockpit

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Service Excellence Cockpit

In times of increasing competition and interchangeability of products and services, excellent customer service is developing more and more to a decisive comparative advantage for all companies in the market. Quality of customer service will therefore be even more important in the future. For continuous monitoring and improvement of the service quality, strategic KPI's and benchmarking are necessary. That's were the Service Excellence Cockpit comes into play.

Measurement and comparison of the service quality of service centers

An interactive customer dialogue between companies and their customers is linked to the competences of the employees and the successful integration of the communication channels. The control of these communication channels is becoming more and more complex due to its multiplicity and is becoming an important competition criterion. One difficulty with the integration is the lack of generally accepted and established benchmarks or key performance indicators (KPIs).

For service centers, many operational, but little to no generally accepted and established strategic KPIs exist that support the management of customer service. This means that standards are missing for measurement and comparison with other service units.

The research project of the Lucerne University of Applied Sciences, Crystal Partners and CallNet.ch developed a framework based on DIN EN 15838, supported by technical specialists from Credit Suisse and Swisscom. The "DIALOGUE KPIs" represent the service quality for the management of service centers. The framework consists of the five dimensions:

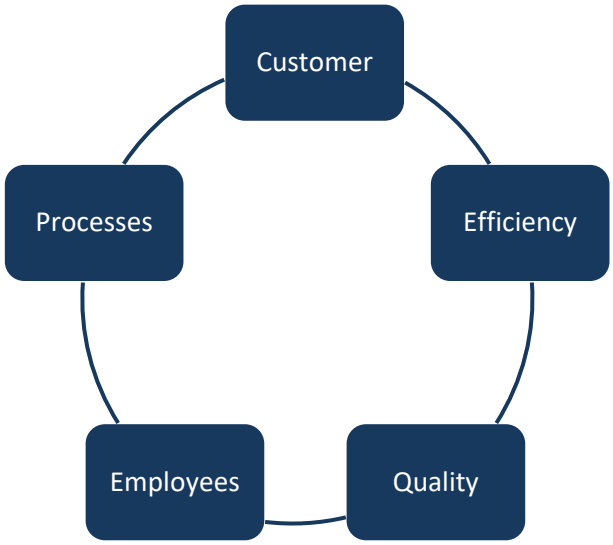

Figure 1: Framework of the Service Excellence Cockpit

The framework is the basis for comprehensive benchmarking of service centers. The analyses of the differences are intended to facilitate the development and improvement of competitive advantages. The comparison can refer to different objects (services, processes) and target sizes (cost, quality, time, satisfaction). For the classic communication channels, but also for the social media channels, the average response time for the various channels can be determined and compared. The comparison allows an assessment of the company's own business, also with regard to available best practices, and thus shows a potential need for action. The informative value can be increased by taking account of overall conditions, e.g. branch-specific opening times. In order to point out the starting points for the closure of the gap, the framework also allows the analysis of the deviations.

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Compared to the standard studies, the framework provides, in addition to a location determination, also concrete analysis possibilities and recommendations for action for the own service center. This allows companies to gain a competitive advantage through excellent customer service.

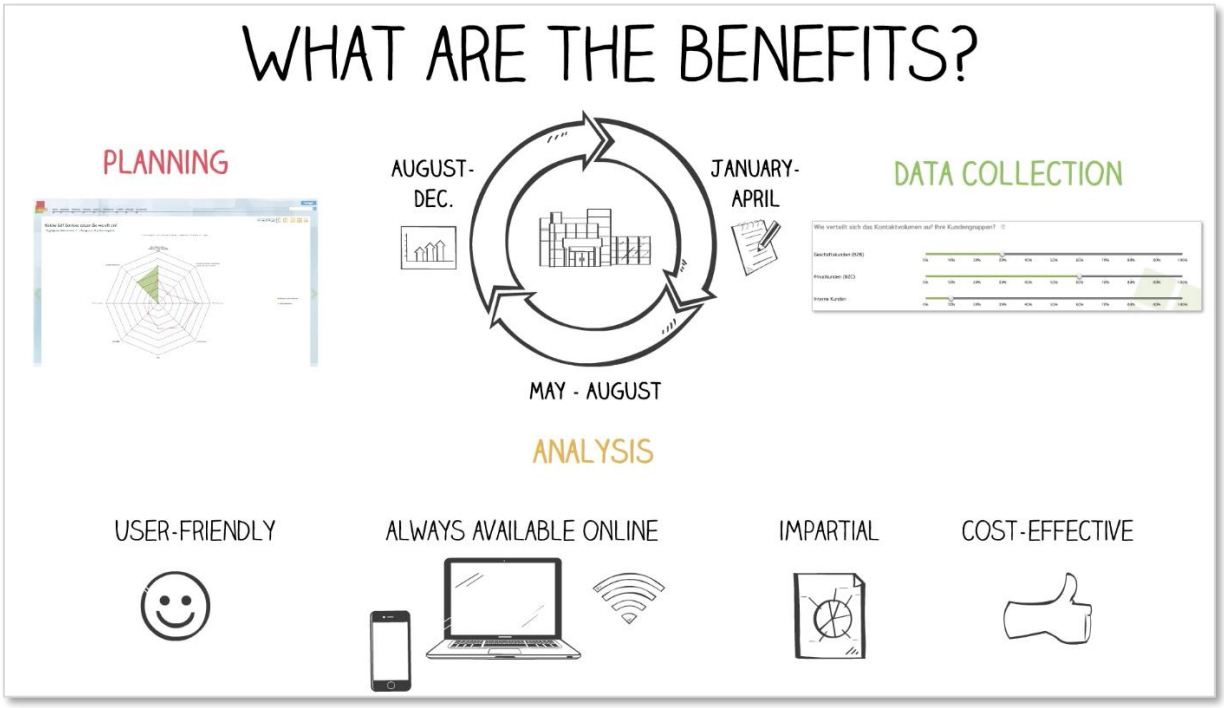

Figure 2: Advantages and objectives of the Service Excellence Cockpit

The Service Excellence Cockpit provides in-depth analysis and is thus an effective management tool for the planning, control and monitoring of service centers.

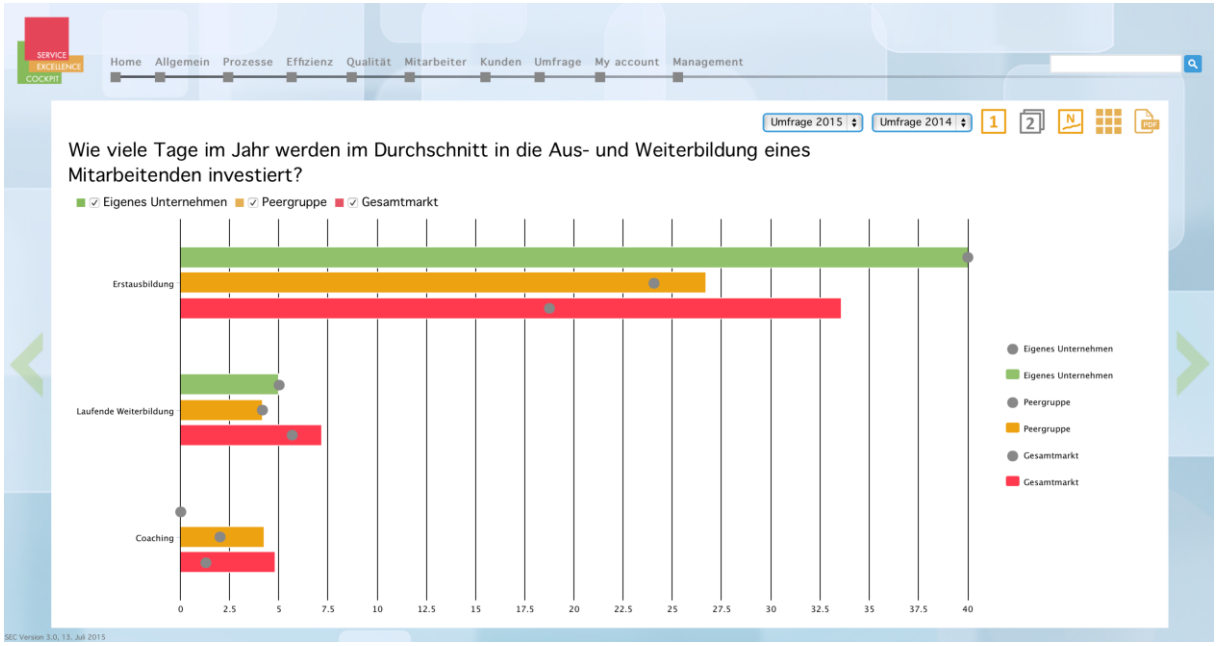

Figure 3: The interactive Service Excellence Cockpit

Customer service becomes more strategic and plays an increasingly important role in the company. With the Service Excellence Cockpit, we address a broad target group: managers of service centers, marketing managers, controllers, financial managers and not least the entire management. On the basis of hard facts, the cockpit offers numerous possibilities:

Presentation and analysis: The Service Excellence Cockpit offers interesting comparisons with the overall market, different peer groups (e.g. own industry, centers of similar size or similar structure), the own and third-party figures or the individually defined target values.

Simulations: The Service Excellence Cockpit can be used to simulate the dependencies of the KPIs and the potential impact of interventions by the management. In the case of upcoming investment decisions, the business case pays off more easily and the comparison base will be substantially larger. The assumptions made can be objectivised.

Optimisation options: With the Service Excellence Cockpit, optimisation potentials in service centers can be systematically evaluated and forward-looking measures taken to improve on the basis of comparative values.

Summary

The latest results of the Service Excellence Cockpit are available.

The concept of Service Excellence has become established and does not only include the service levels of call centers, but all aspects of a sustainable customer management.

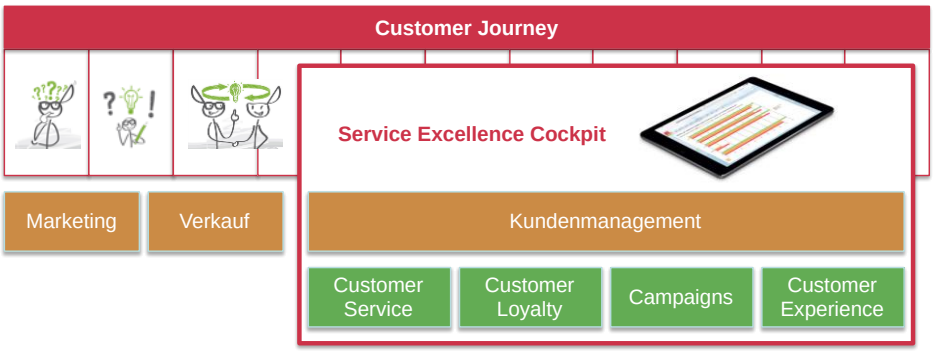

Figure 4: Customer Journey

Companies strive to differentiate themselves from the competition with exceptional customer service. However, it is challenging to plan, control and execute the interactions between the customer and the company so that the customer is thoroughly satisfied with the services in the end. As the Service Excellence Cockpit shows, general criteria, processes, efficiency, quality and employees of the service center all play a decisive role.

This year's report is based on data from 228 service centers in Switzerland, Germany, Austria, Ukraine, Spain, Luxembourg and Poland and covers the following industries:

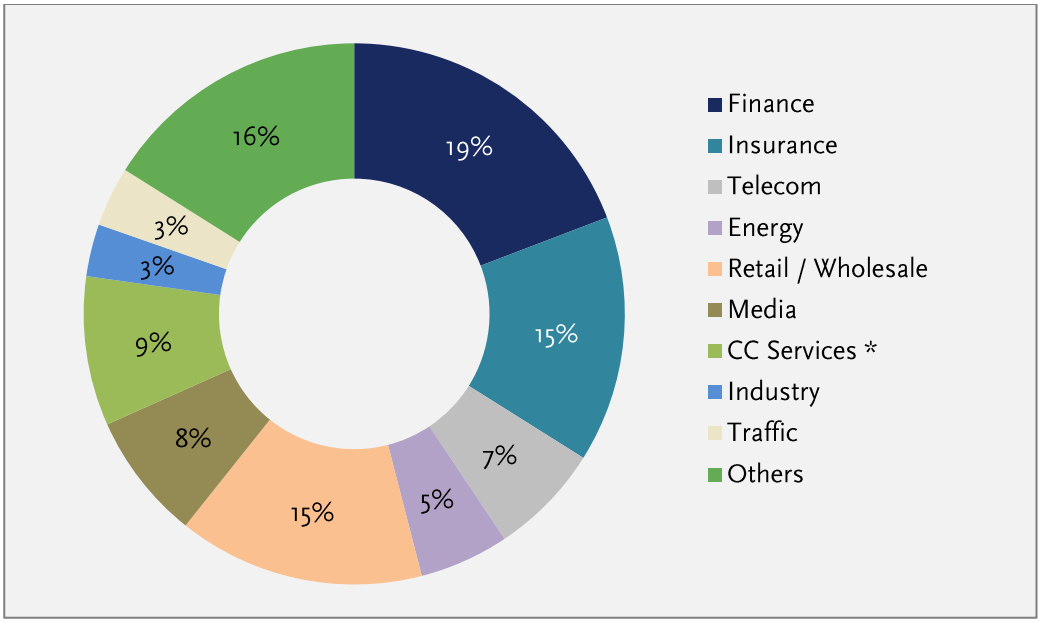

Figure 5: Industry distribution of survey participants (n=228)

The most important findings are as follows:

Service Excellence – Increasing strategic importance of costumer management

Companies are increasingly understanding the profiling potential of customer service and are obviously also willing to invest. The investment rate measures the average share of investment on total operating costs over the last 3 years. We see a clearly positive trend for the service centers surveyed.

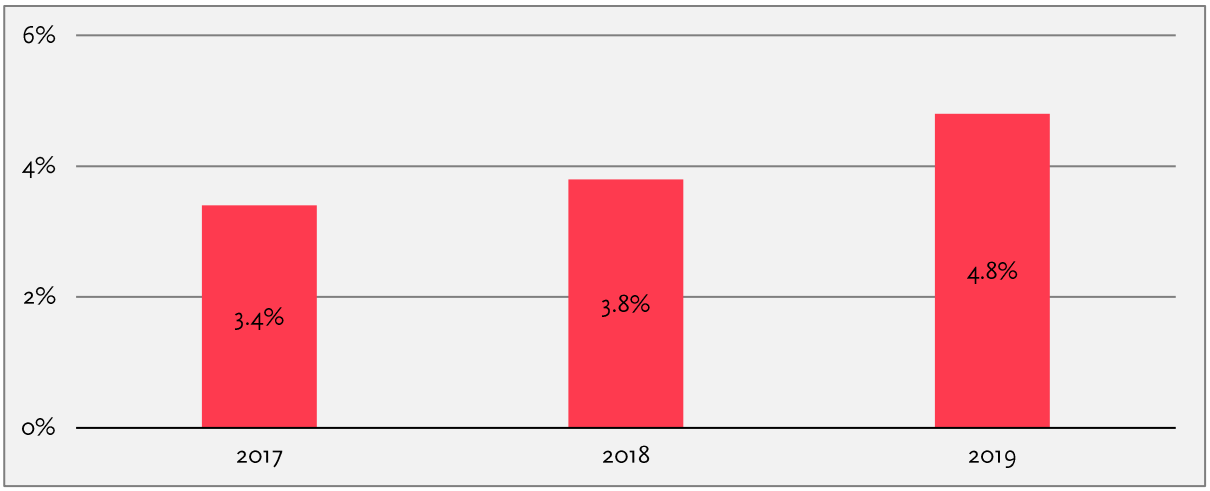

Figure 6: Increasing investment rate over time

Behind this is clearly a desire to differentiate on the basis of excellent customer experiences. Today, 87 percent of the service center Management surveyed ascribe a very important or important strategic importance to the service center within the company.

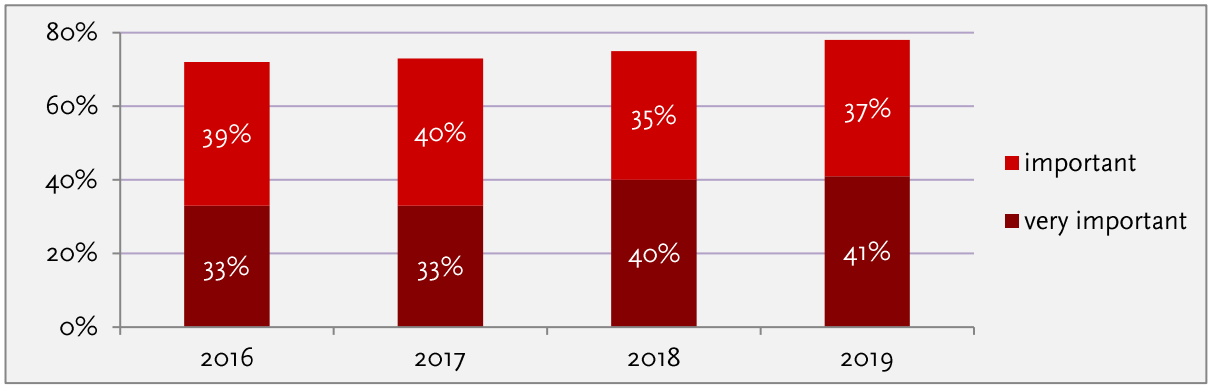

Figure 7: Increasing strategic awareness of customer service

But that's not all: In our data analysis, we find evidence that a service center's strategic direction has an impact on business performance and customer experience. A more strategic awareness of customer service is positively correlated with customer satisfaction, the Net Promotor Score (NPS) and thereby the overall customer experience.

In concrete terms, service centers with a higher strategic awareness of customer service (measured on a scale of 1 = very unimportant to 7 = very important) have a higher average customer satisfaction of 0.3 points (measured on a scale of 1 = very dissatisfied to 7 = very satisfied). We find consistent results for the Net Promoter Score. The NPS increases by an average of 4.2 points (scale from -100 to +100) when the strategic awareness of customer service increases by one category.

Figure 8: Effect of strategic awareness on NPS

Employee empowerment – Expansion of home office and personnel deployment planning

The increasing strategic awareness of customer management and the associated investments open new possibilities for overcoming the shortage of skilled workers. For example, new digital work processes make mobile work possible. Service centers can thus meet many needs of today's employees and position themselves as attractive employers on the market. There is a clear time trend towards the expansion of home office workplaces. Their share now stands at 8 percent, which is twice as much as in 2014. The share of planned home office workplaces has also doubled in this period to 14 percent.

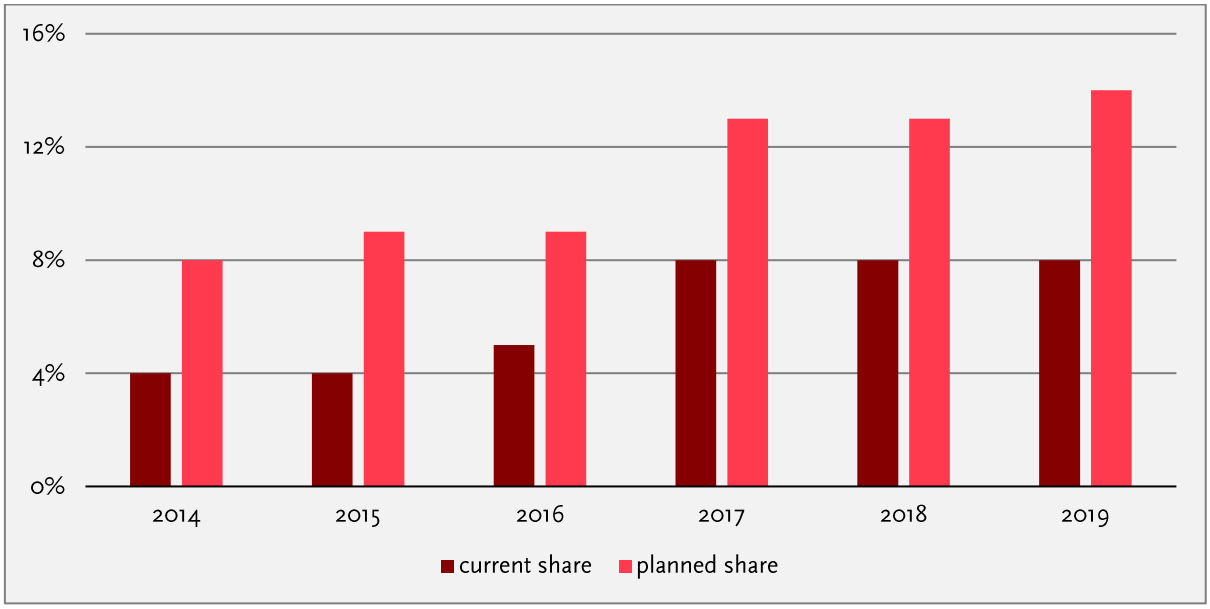

Figure 9: Increasing share of home office workplaces over time

Home office is an influential factor on employee satisfaction. However, it also leads to new challenges for team building. Nevertheless, we find an overall positive correlation between the share of home office workplaces and employee satisfaction.

For such flexible models to work, it is important to implement clear rules. Personnel deployment planning tools can be considered as one example of technological support for such flexible working models. These tools are designed to match the available resources of the service center to the expected transaction volumes as well as possible. We notice a significant increase in the use of such tools in the last years. Particularly in connection with the expansion of home office, there are opportunities to increase efficiency, since employees can also be called in flexibly peak times.

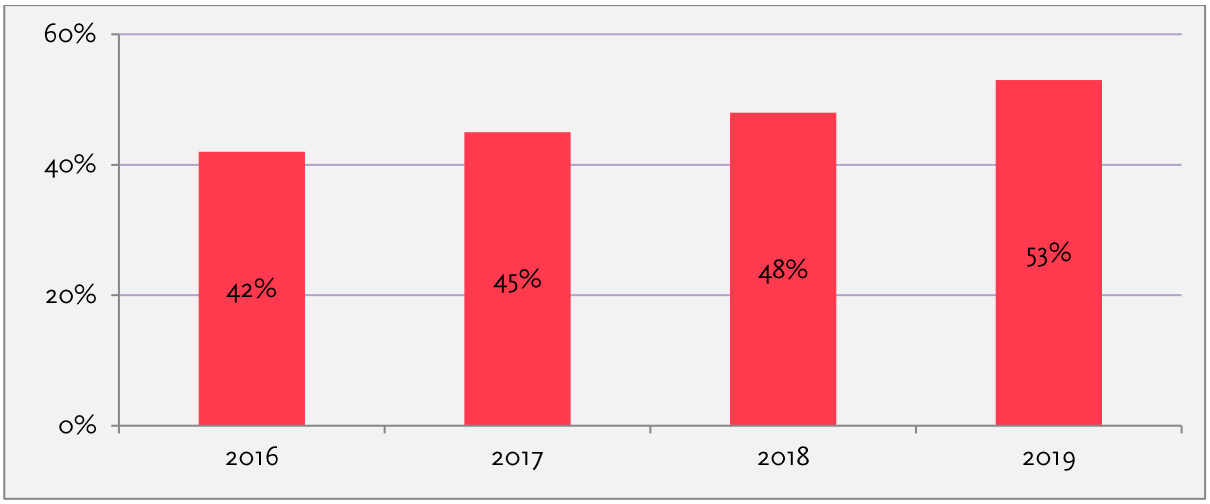

Figure 10: Share of service center with a personnel deployment planning tool in place

Furthermore, we find a positive correlation between employee satisfaction and the use of personnel deployment planning tools. A possible application of such tools, especially for larger service center, is to offer employees an "exchange platform" where they can exchange their work shifts or holidays with each other and thus gain additional flexibility.

Service centers should carefully consider any measures with a positive impact on employee satisfaction. Our analysis confirms the common hypothesis that satisfied employees lead to more satisfied customers. Satisfied employees thus make a significant contribution to the success of a company. On one hand, the external fluctuation rate is decreasing with an increasing employee satisfaction (measured on a scale of 1 = very dissatisfies to 7 = very satisfied). But first and foremost, customer satisfaction (scale of 1 = very dissatisfies to 7 = very satisfied) significantly increases with more satisfied employees

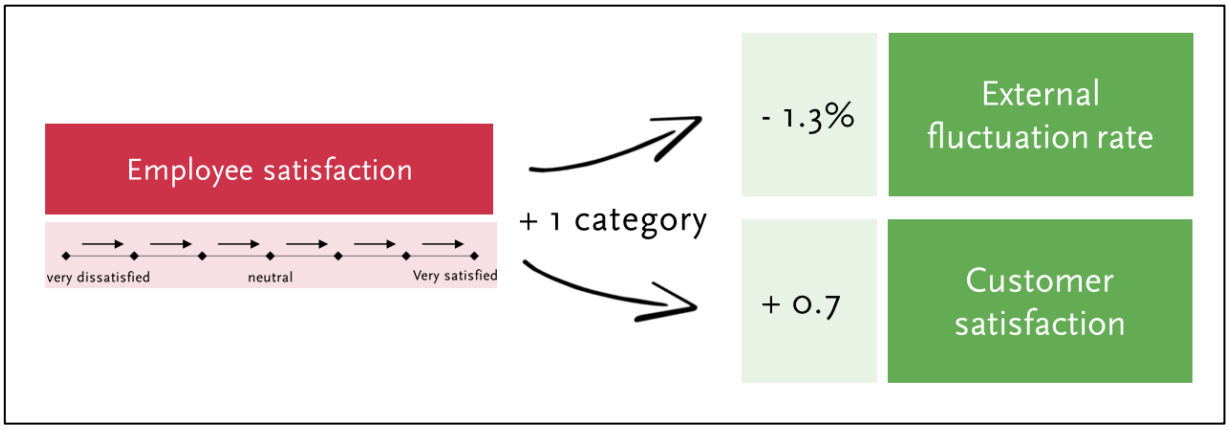

Figure 1: Effect of employee satisfaction on fluctuation rate and customer satisfaction

Customer Experience – Customer loyalty and increasing efficiency

The fact that the importance of customer satisfaction and loyalty is high on the agenda is also confirmed by the positive development of loyalty programmes. More and more companies are investing directly in the customer experience and are relying on a customer loyalty program or plan an introduction.

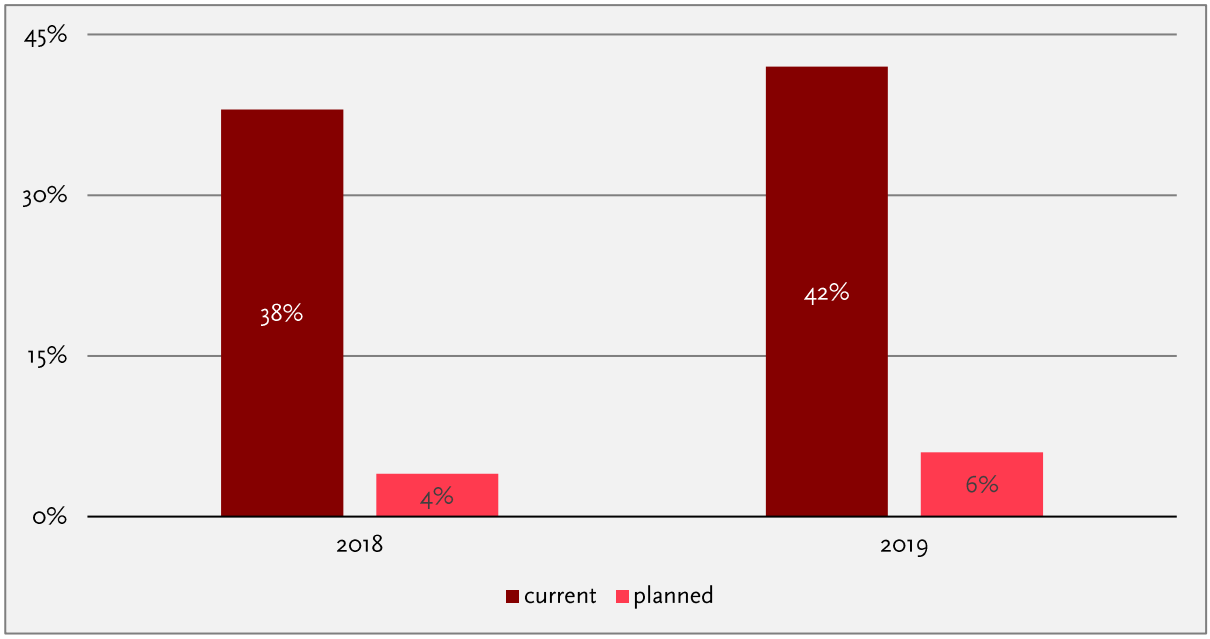

Figure 11: Share of service center with a loyalty program

In addition to the goal of improving customer loyalty, the aim is to ensure that customer service is handled as efficiently as possible. Digitalization has a profound impact on processes and technologies in service center. For example, many technological support tools for language communication are already being used in the phone channel (a detailed list can be found in the report). Artificial intelligence (AI) is also a promising technology that is widely used, especially in the further development of self-services. The figures collected indicate that the management is aware of this. For example, 25 percent of the service center surveyed already use instruments with AI or are in the pilot phase.

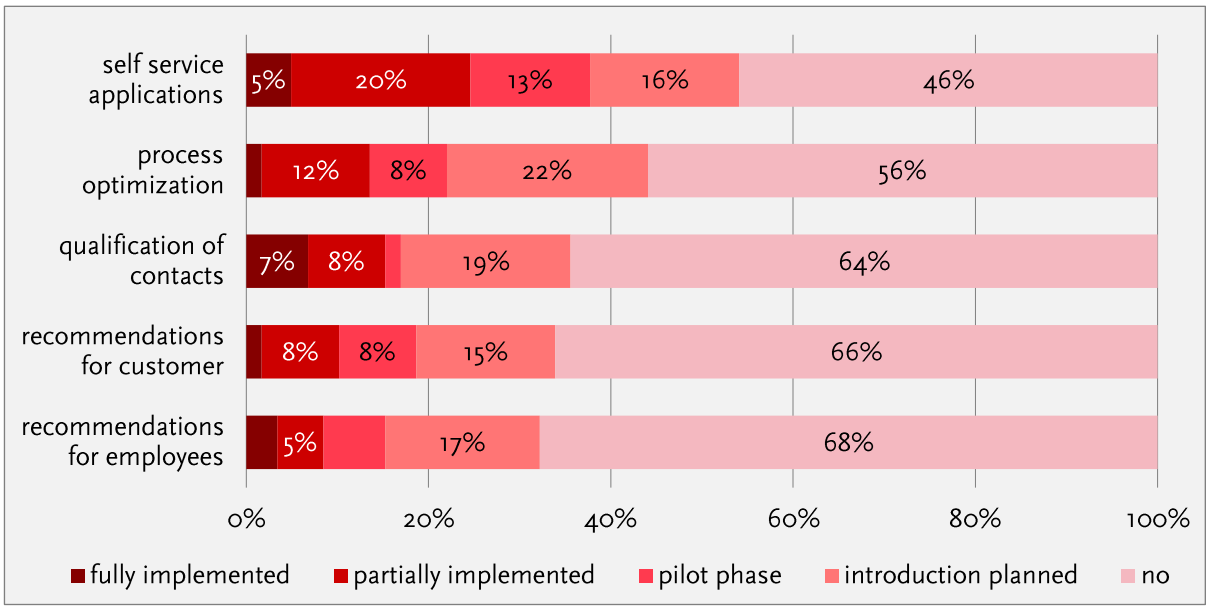

Figure 2: Use of applications based on AI

Nevertheless, the use of self-service in customer service has stagnated over the last two years.

Of interest are the significant differences in self-service by industry, with the information and communications industry playing a leading role. The percentages of saved employee contacts through self-services are shown on the next page.

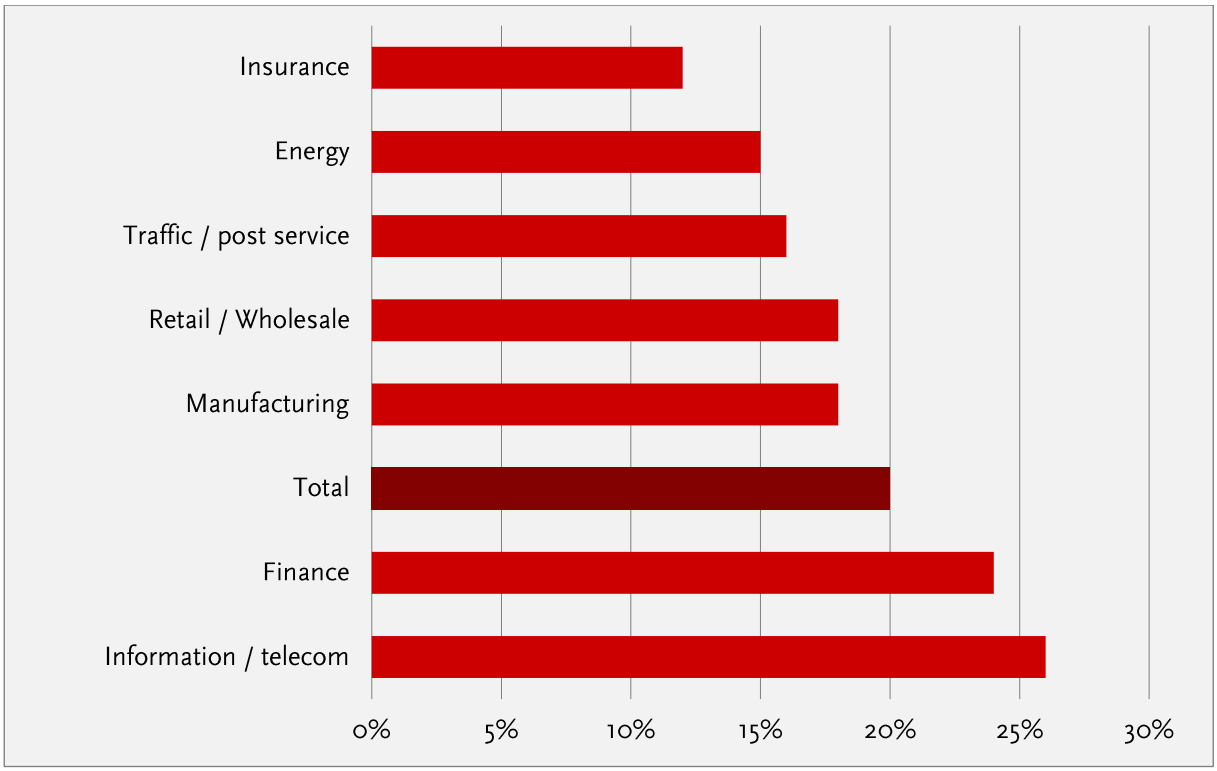

Figure 12: Saved contacts through self-services across different industries

Omnichannel - Offer of online channels continues to grow, their share remains low

Self-services are certainly an important part of a modern channel mix. The results also clearly show an ongoing trend towards offering online channels. Chat is an example of this. As early as 2014, around one third of all companies planned to introduce it. Today, this share has risen to 50 percent and almost 30

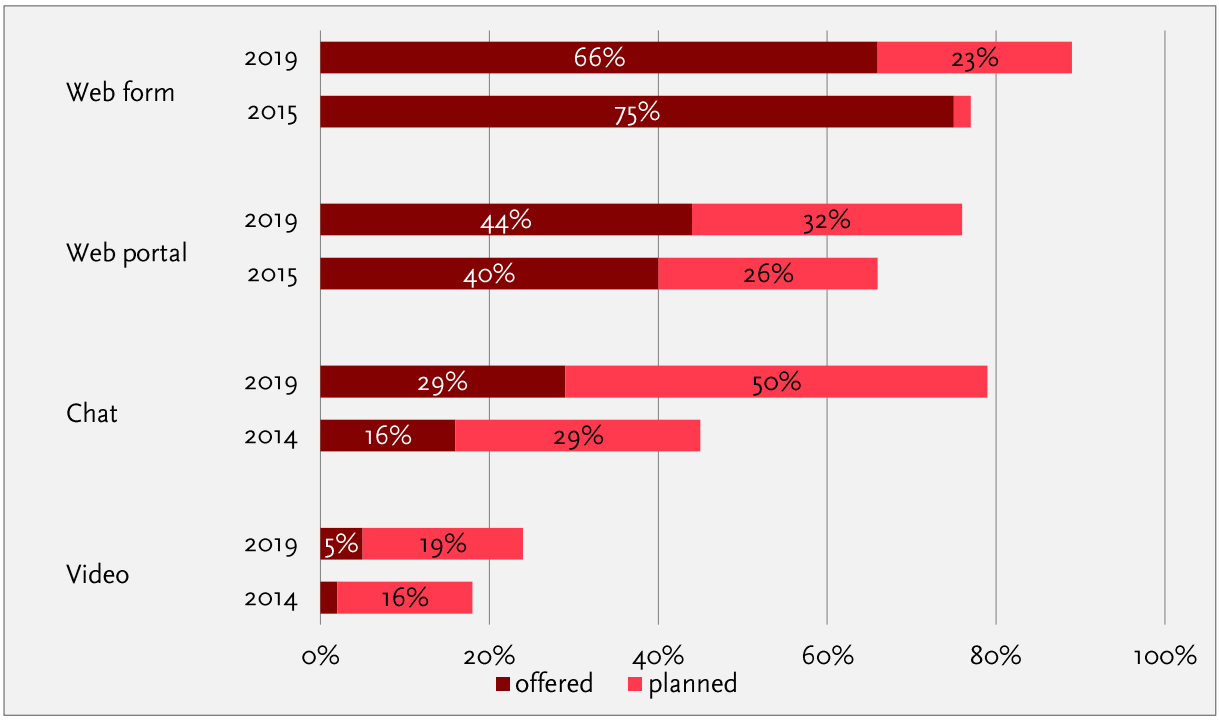

Figure 13: Offer of online channels over time

percent of respondents said they already use chat. Consistent developments can be seen for the web portal. The video channel is also increasingly being tested and introduced.

However, this positive trend should not obscure the fact that online channels still account for a small share of the total contact volume. Compared to 2015, they all gained in importance, but 78 percent of all contacts are still handled via the telephone channel.

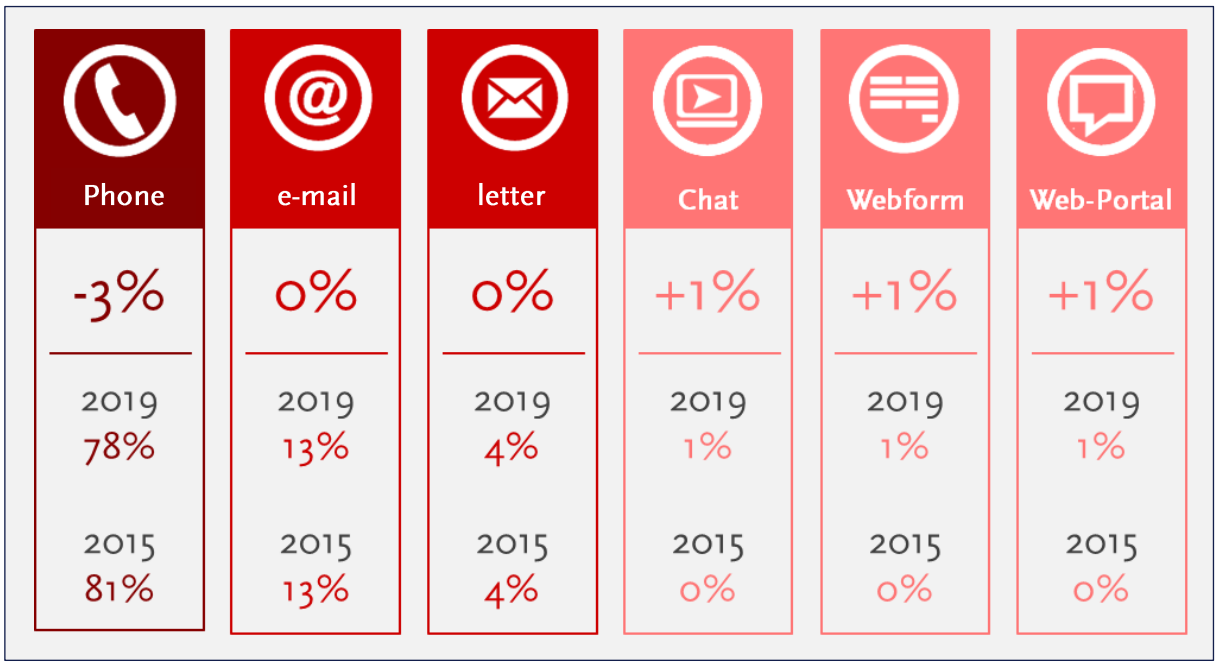

Figure 14: Share of total contact volume per channel

Chat and phone are the most efficient channels, because the request can usually be solved immediately through a direct customer dialogue. A new contact is therefore not necessary. The outgoing contacts for faxes are also low, which can be explained by the fact that many service center answer contacts by fax via a different channel such as letter, telephone or e-mail. Letter and e-mails have the biggest share of outgoing contacts which is why these channels must be considered inefficient.

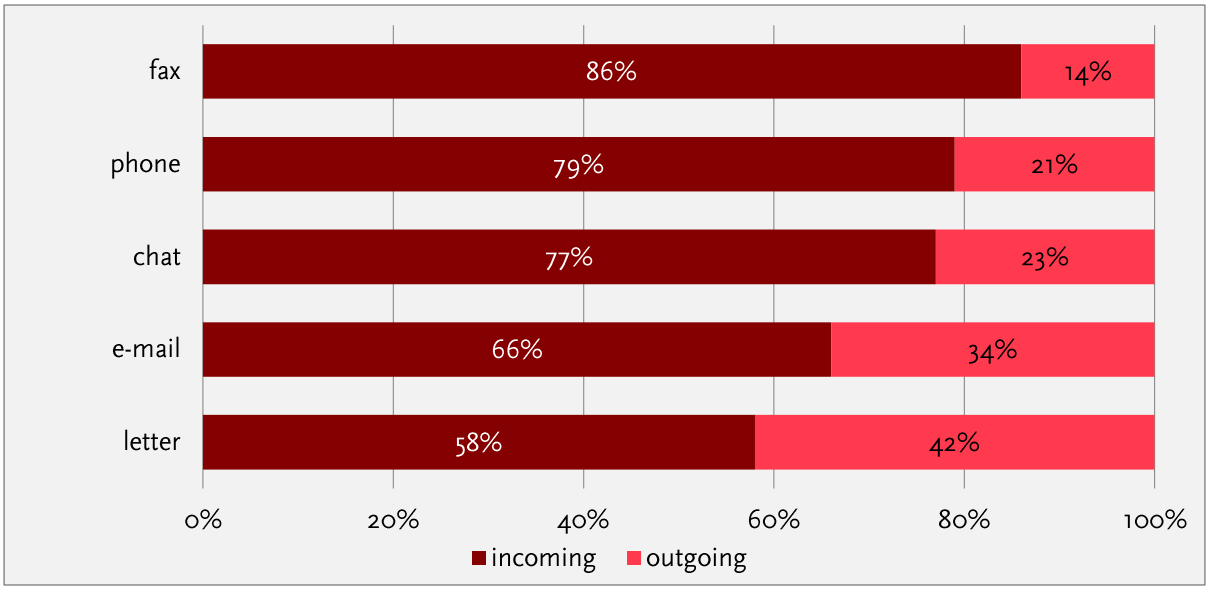

Figure 15: Distribution of incoming and outgoing contacts across channels

We also find evidence that the personal contact is still appreciated by the customer. One example for this is the preferred channels for complaints. In comparison over time, the telephone channel consistently accounts for the largest share of complaints. Behind this, however, considerable shifts can be observed. Complaints sent by e-mail are much more frequent today than they were in 2016. This increase is mainly at the expense of analogue channels such as the letter.

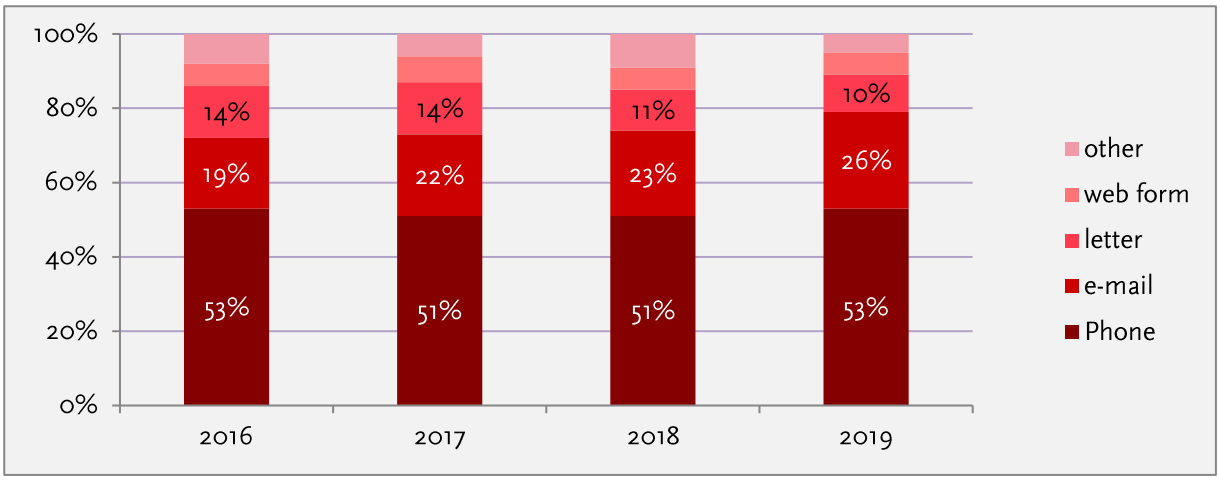

Figure 16: Channels used for complaints

In summary, online channels are increasingly being used and implemented. Nevertheless, the telephone remains the most widely used and efficient channel. It is therefore important to keep an eye on possible process improvements in telephone communication.

Further analysis and concrete recommendations for action can be found in the full market report.