



Beyond the Customer Satisfaction Horizon  
Fostering Loyalty through Customer Service

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## 1. Beyond Customer Satisfaction

The contact center industry can reference decades of success in automating customer interactions using IVR. In the early years, the use of IVR was focused primarily on cost savings for the contact center and after-hours availability for the caller. Back then, customers were simply happy to have access to their information at night or over the weekend when agents weren't available. And, regardless of the awkward touch-tone interface, IVR became a required component of every contact center strategy and one of the most annoying yet ubiquitous customer service tools. Thankfully, we've come a long way from those early years.

Today, while customer accessibility to information is still critical in a customer service strategy, the proliferation of both consumer and contact center technologies has dramatically changed what it takes to satisfy customers. And, unlike in the past, customers are now defining how and where they will be serviced through mobile phones, handheld devices, Internet phones, and of course, traditional landlines. To keep up, contact centers employ service strategies including CTI, IVR, web, chat, VoIP, inbound, outbound, and speech recognition. With these dramatic changes in customer behavior and contact center technologies, how do you determine if you've got it right?

In the past, customer satisfaction was the critical measure. Surveying customers and scrutinizing reports told us if customers were using our self-service successfully. Today we are learning that we can push beyond simple satisfaction. Smart contact centers are evolving their service with a focus on customer loyalty. Loyal customers are not only satisfied, they are passionate about a company, making them advocates for that company's services. The numbers are telling us that loyal customers contribute significantly to a company's success.

This paper discusses the technology and philosophy trends that are pushing the industry to focus on developing happy, loyal customers. It uses Nuance as an example of this evolution because their history and the customer service methodology they employ clearly mirrors these trends.

## 2. The Growing Importance of Customer Loyalty

An early trend in automated customer service was the focus on improved technology to increase the use of automation. Initially saddled with touch-tone as the only user interface, companies were limited to what task they could allow a caller to complete. The addition of speech technologies, CTI, sophisticated routing, and deep back-end database integrations, among other advances, completely changed the ability to offer a comprehensive self-service experience, and to make that experience better, with and without agent assistance.

While continuing to improve the core technology and tools of the trade, businesses next set out to improve customer satisfaction. To most that meant providing a better experience for the caller by giving them all the information they wanted, and being consistent in the way that customer service was delivered. It entailed enabling the caller to get the task done easily, no matter if the task was checking a bank balance or placing an order. It meant callers could

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complete tasks without waiting, without errors, and without frustration. It was at this point where core technology and vendor application design expertise all came together and self-service applications became much more sophisticated in their purpose and design.

While contact centers were focusing on improvements to customer service applications, the emergence of Web standards, SaaS, cloud computing, and other technologies prompted an array of deployment options for contact center applications and services. Variations of on-premises and hosted service offerings were made available, and companies seeking to most effectively advance their customer service began embracing on-demand delivery models within their customer service strategy.

So where are we today in providing even better service to our customers? While the goal of deploying self-service applications that deliver high satisfaction is now a given, companies are now transitioning beyond customer satisfaction and consider customer loyalty as the key to maintaining a healthy business. Front and center in this trend are improvements to their overall self-service strategy. It's not just that each individual contact is important; it is the quality of consecutive customer interactions that deliver on a company's brand promise. A well executed strategy leads to loyalty and correlates with customer retention, future purchase rates and positive word-of-mouth.

How do you build loyalty? To earn customers' loyalty requires an understanding of how customers perceive your brand and a focus on the right self-service tasks for the right caller, with the value-added service that they would have in a face-to-face interaction. Maintaining that loyalty involves analyzing self-service usage and the impact it has on the business' top and bottom-lines, and continual fine-tuning to improve results over time.

Gone are the days when IVR applications were installed and left running for months or years without a thought. Today, contact centers realize the key to success is to quickly and cost-effectively analyze aspects of the customer interaction and fine-tune to deliver exceptional service to every single customer, every single time. This challenge extends to keeping hard-won customers by staying ahead of competitors and interacting with customers the way they expect today, and will expect in the future.

### **3. Solving the Customer Loyalty Challenge**

To meet this challenge of increasing customer loyalty, contact centers need to look beyond the traditional role of IVR assets and instead assess the potential that customer service automation can have in differentiating their business. To begin, examine the critical components of self-service that mirror today's customer expectations: advanced technologies that customers want to use, the ability to constantly evolve customer service applications, and flawless execution. Let's take a look at why each of these is important and how Nuance has mapped their hosted service to help companies solve this loyalty challenge.

#### **3.1 Advanced Technologies**

Why are advanced technologies important for self-service? In order to craft a truly personalized experience, that doesn't just get the job done, but makes a customer want to come back, contact centers must offer compelling customer service. The proper use of language is a good example

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of how technology can personalize a customer interaction and make callers feel important. Creating a natural sounding, multi-lingual application in the language of the callers choice, and presenting that language first in subsequent interactions goes a tremendously long way in cementing customer loyalty. Similarly, using advanced natural language technologies that ask 'how may I help you?' empower callers to control the interaction, reducing frustration and raising their opinion of a company's ability to provide them with service and support.

As a leading provider of speech solutions around the world, Nuance enables contact centers to achieve a distinct advantage when it comes to advanced technologies that promote happy, loyal customers. Nuance continuously releases innovations from its extensive technology portfolio first in its own hosting environment, Nuance On Demand. This means Nuance On Demand customers will benefit first from the latest enhancements to Nuance's self-service technologies including speech recognition, text-to-speech, voice biometrics, analytics, tuning tools, application components and dialog strategies.

Moreover, with Nuance's 20+ year history in self-service automation it has amassed one of the largest speech and application data repositories in the industry. This is a key asset, for to achieve the speech recognition performance levels that callers want use, more data means better results. Nuance also has a deep bench of its own speech scientists, VUI and application design experts to take advantage of this ever growing resource. This uniquely allows Nuance to research and then improve performance at every level of a hosted application, from code-level adjustments in the core recognizer to new dialog designs based on vast data sets of actual customer preferences.

Another important technology consideration is how quickly contact centers can evolve their self-service. When consumers experience a new technology that truly improves the caller experience, they soon notice when that technology is absent from all companies they contact. Customers are fickle, even loyal customers will have increasing expectations. To maintain competitiveness, forward thinking contact centers recognize the value of timely deployments of advanced solutions.

With Nuance On Demand contact centers are offered early and automatic access to all the innovations and insights gained from thousands of deployed Nuance applications and billions of automated calls. As an example, SmartListener™, a product that "listens" for unexpected expressions in caller's speech responses, was available on Nuance On Demand months before it was released to market. This powerful new technology is saving one enterprise customer \$2 million annually by enabling their application to more accurately understand caller needs leading to more callers successfully completing their tasks without assistance. (See case study below.) Had that same contact center been running on a different IVR platform, they would have lost at least \$2 million in savings. This is just one example on how hosted IVR services from a core technology vendor like Nuance provide enterprises early access to advanced technologies, along with a simple and cost effective way to take advantage of each new innovation.

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### **First Access to New Technology – A Case Study**

In 2008, Nuance On Demand customers enjoyed dramatic results based on a new technology. And they did so many months before the technology was introduced into the market.

The dramatic outcome was actually the result of a request from a Nuance customer with an on-premises IVR speech solution. This company wanted to increase automation rates on an already heavily optimized application beyond what had been achieved using the latest products and tuning services and suspected that Nuance could help them do just that.

After evaluation, the Nuance professional services team collaborated with Nuance's R&D team to examine customer call data. Together they identified out-of-grammar errors as dominating all other issues for this customer and were the single component that could make the difference. Out-of-grammar errors are one of the trickiest things to handle in a speech application, as they are caused when callers say extra things in response to a simple question – for example an application might ask the caller for a yes/no response, but instead the caller says, "Well, I think so", or "Um, maybe".

Nuance dedicated three PhD researchers to the challenge, leading to the creation of a completely novel recognition approach that resulted in the on-premise customer significantly reducing out-of-grammar errors and greatly increased automation.

This new technology innovation was immediately made available to Nuance On Demand customers enabling them to dramatically improve their own automation rates. For one Nuance On Demand customer the innovation yielded a 9.8% improvement in automation of their main menu, resulting in over \$2 million in annual savings.

Nearly 12 months later, the technology innovation was productized by Nuance as SmartListener™ and formally available to the market. Meanwhile, Nuance On Demand customers had already recorded millions in cost savings and serviced millions of happy, loyal customer calls.

### **3.2 Continuous Improvement**

Meeting customer expectations is not a onetime event. Customers are now as jaded by static IVR applications as they are with static web pages on the Internet. Think about the difference in experience when you place an order on a static website versus an Amazon.com or iTunes that remembers what you have purchased and presents special offers based upon your past history. Which type of website would you prefer to do business with? Tell your friends about?

Phone self-service has the same effect, but using the latest technology is only part of the story. To consistently deliver compelling customer service that will drive loyalty requires fine-grained monitoring and an ability to continuously evolve applications. Unfortunately, many contact centers are finding their current IVR investments can not easily provide this data or flexibility.

The market initially responded to this deficiency with a variety of reporting and analytics applications. Some of the best provide drill down capabilities into application hotspots to show exactly how callers are interacting with applications as well as the most common paths and call outcomes. Today, fully integrated reporting and analytics products, like Nuance's hosted On

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Demand Insight, go even further by presenting rich visual business-level insights into caller behavior, along with guidance on the most effective actions to take. Moreover, with the Nuance IVR's integrated champion/challenger (A/B) testing capabilities, customers can easily compare these application alternatives and measure the improvements.

Another important capability required to continuously improve performance is known as whole call recording, the capturing of callers' end-to-end interaction across the contact center. With whole call recording, everything that is spoken during a call by the caller, by the automated system, and by the agent is captured. Recordings can then be analyzed to identify specific improvements in the self-service call flow or agent interaction. This is yet another technique to build customer loyalty that is available through Nuance On Demand.

Recognizing that enterprises may not have the in-house skills or resources to constantly explore the potential of the latest technologies and application designs, premier hosting vendors, including Nuance, offer customers alternative business models to guarantee they maximize the long term value of their IVR solutions.

One of the most sophisticated of these models is from Nuance, where Nuance invests in continuous, holistic analysis of that customer's applications and identifies prioritized opportunities to enhance customer satisfaction and automation rates. At its own expense, Nuance creates and tests hypotheses from these analyses, which may require extensive involvement from members of its core research organization. Unavailable from any other vendor, Nuance offers a continuous, multi-dimensional assessment from the infrastructure, through code design, speech science, voice user interface, systems integration, and even branding. Nuance presents hypotheses and expected results to the customer, and deploys as it continually refines the caller experience.

Compensation with the Nuance model is based upon actual solution performance improvements. A proportion of the incremental savings is paid to Nuance through small increases to the per-minute usage rate, with the customer retaining the substantial majority of the incremental savings. This win-win model has yielded exceptional results for customers. For example, Nuance currently hosts similar solutions for two companies in the same industry. One has engaged Nuance for continuous improvement, the other has not. The continuous improvement customer enjoys automation rates 23% higher thanks to the enhancements that have been identified, implemented and proven over the duration of their Nuance relationship, saving this customer millions of dollars more each year.

### **3.3 Flawless Execution**

The final component necessary to drive customer loyalty is flawless execution. More than ever before, customers expect services to always be available, and they are quick to let others know when they are not. Fortunately, contact centers today can rely on hosted services that offer a 100% uptime guarantee. But, answering the call is just the first step towards providing a compelling self-service interaction.

To deliver a superior caller experience, from the beginning to the end of every call, requires the health of the entire IVR ecosystem, regardless of where components are deployed or who owns them. This means real-time monitoring of the application infrastructure, customer backend systems, and even third-party data systems. Nuance's own tools and best practices for total

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caller experience monitoring are excellent examples of how to ensure the IVR ecosystem is performing at scale.

For Nuance On Demand customers, flawless execution also extends to the monitoring of key metrics that reflect caller perception including the time it takes: to answer the call, to understand the caller's speech, and to respond to the caller. These metrics, along with established processes to reliably and rapidly make application changes, enable contact centers to identify exactly where and why callers are having problems, and to respond to it. Nuance further distinguishes their service offering with their commitment to taking full ownership for all problem resolution across the entire ecosystem. (See case study below.)

### **Flawless Execution - A Case Study**

In 2008, one company avoided a potentially dramatic customer service issue thanks to Nuance's dedication to delivering an exceptional caller experience. The story unfolded like this:

A significant percent of daily calls were for billing inquiries, which required integration to a third-party billing system. Unfortunately, the third-party vendor suffered a serious and prolonged crash of its billing system, rendering the self-service application incapable of providing real-time billing information. Within five seconds of the outage, Nuance's ecosystem monitoring tools identified the problem, and the support team for that company was alerted. Already deeply familiar with that company's business and technology environment, the Nuance support team realized that with billing down there would be an immediate and significant increase of incoming calls to the contact center, first from callers with billing questions but also from any call that indirectly involved the billing system, such as service additions or account changes.

Rather than simply pass along the alert and wait for the third party vendor to solve the problem, Nuance focused on the task at hand, ensuring the best caller experience possible. First, Nuance alerted the company of the problem so that they could begin preparing the contact center to handle the expected customer inquiries. Nuance simultaneously engaged their VUI design experts to create a temporary solution. The design team, also familiar with the application, designed new prompts, directing callers to alternate solutions for their inquiries. Within hours, the Nuance team successfully rolled out the update, minimizing the impact to both the contact center and the callers.

Nuance On Demand's philosophy and approach to monitoring and responding to the customer's entire application ecosystem avoided what truly could have been a costly disaster. Had this company simply relied on the billing provider to identify and fix the problem, there would have been an immense toll on the contact center and on customer satisfaction, something their competitors would have been sure to exploit.

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## 4. Summary

Now is the time for contact centers to push beyond customer satisfaction and focus on how to differentiate through compelling self-service customer experiences. To be successful, your self-service strategy must plan for adaptation as your customers' needs change. This means quickly deploying services and technologies customers want to use, applications that continuously evolve, and a guarantee to flawlessly deliver compelling customer experiences. With these three you will build and retain happy loyal customers.