



The Payoff of Intentional Delight to Enhance Loyalty, Word of Mouth and Revenue

The Quirks Event

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Agenda

1. Evolution of Satisfaction Measurement & Study Methodology

2. Key Findings

- Market Response to Delight Mirrors that of Points of Pain
- Delight actions can be inexpensive, actually reducing problems
- Delight can be easily delivered digitally as well as by phone
- Delight fosters twice the WOM impact of complete satisfaction
- Delight appears to work well for both B2B and B2C
- Granular delight and POP allow linkage of NPS to revenue payoff

3. Implications for Market Research and CX

BUSINESS NEWS

Customer Problems Hit a Record

More people are seeking 'revenge' over issues, which have surged since the '70s

BY KATIE DEIGHTON



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Americans are encountering more problems with companies' products and services than ever before, and a higher proportion of them are actively seeking "revenge" for their troubles, a new study has found.

Some 74% of the 1,000 consumers surveyed said they had experienced a product or service problem in the past year. That is up from 66% in 2020, when the study last was conducted, and 56% in 2017. Only 32% told researchers they had experienced a problem in 1976, when a similar version of the study was first conducted.

The percentage of consum-

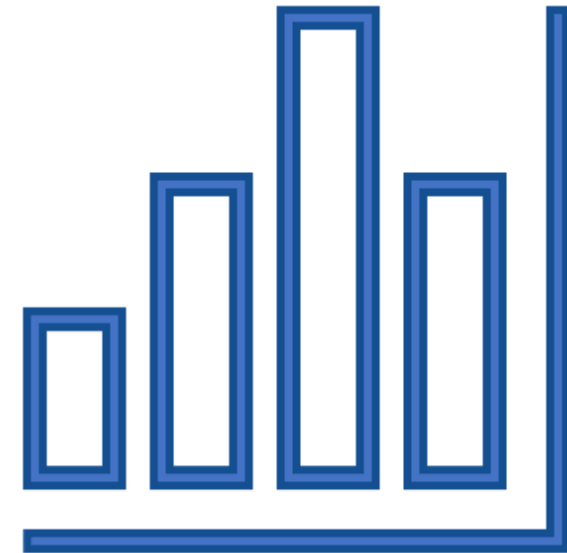
Evolution of Satisfaction Measurement

- Satisfaction
- Recommend – Word of Mouth (Word of Mouse)
- Problem occurrence (points of pain) & Rage
- Net Promoter Score – can't connect to revenue
 - Detractors, Passive, Promoters
 - Blunt instrument – ignores passives
 - 70% pro – 20% detractors = 5010% passive
 - 55% pro – 5% detractors = 5040% passive
- Customer Effort
- NPS 3.0
- Delight

Get both Rage and delight study at customercaremc.com

Study Methodology

1. April 2021 administration of the CCMC Delight In Affluent Consumer Groups Study
2. Web-based, panel survey of 2,519 individuals with annual household incomes above \$100,000
3. Roughly a 50/50 split of male and female respondents
4. Sixty-six percent of the 2,519 respondents reported being delighted with a customer service experience in the past 12 months
5. Survey content
 - Respondents with delightful experience in past 12 months asked product/service, type of 'delighter' experienced, primary method of communication, impact of delightful experience and willingness to pay more for product in the future
 - Respondents with no delightful experience asked to recall their most positive customer experience in the past 12 months and associated repurchase intention and willingness to pay more
 - All respondents asked gender, age, household income



Study Findings – Overview

1. People (genuinely engaged in servicing customers) are the strongest source of delight – stronger than money -- cheap delighters are as effective as costly ones
2. Honesty and transparency are powerful delighters even when conveying bad news
3. Cross-selling more products to high-end customers often creates delight (as well as more revenue)
4. Affluent customers will pay hundreds of dollars more for the same product to companies that delight
5. Digital delight is as prevalent as telephone or in person
6. Live video chat is emerging strongly



Honesty and transparency are powerful delighters even when conveying bad news

Type of Delighter	% Mentioned As Delighter	% Top Delighter
Was honest - e.g., 'I'm so sorry our warehouse is understaffed and we are behind on shipments due to COVID-19'	35%	10%
Gave me good price/ Offered good value for money	34%	12%
Was enthusiastic - e.g., 'Let's get this done right now!'	33%	10%
Was transparent with explanations - e.g., 'Here are three things you need to know to avoid problems with this product/service'	29%	8%
Showed interest/concern -	27%	6%
Created a fun or entertaining interaction	27%	9%
Was empathetic	25%	6%
Provided unique knowledge - e.g., providing golden nuggets of information you can use	25%	7%
Connected with you in a personal way - e.g., 'I've travelled with my 85-year-old father and I know how stressful it is'	21%	6%
Provided extra value - e.g., dog treats at Starbucks	20%	7%
Utilized surprise - e.g., 'Thanks for waiting two minutes - your order is now free'	19%	6%
Gave you compliments - e.g., 'I love your voice, love your necktie/shawl'	17%	3%
Sold other products or services that were useful/tailored to me	16%	4%
Acted humorously - e.g., saying on an airplane 'If you're seated next to a child or an adult acting like a child...'	15%	2%
Exercised heroics - e.g., 'I'll bring this to your house myself this evening'	13%	4%

Survey Questions:

Which of the items listed below caused you to be DELIGHTED with this [MOST DELIGHTFUL] CUSTOMER SERVICE EXPERIENCE? (Click on all that apply.) The company...

Which ONE item listed below contributed MOST to your DELIGHT with this [MOST DELIGHTFUL] CUSTOMER SERVICE EXPERIENCE? The company... (Click on only one item.)



Simple Inexpensive Delighters Were As Effective As Costly Ones

Survey Questions:

Which ONE item listed below contributed MOST to your DELIGHT with this [MOST DELIGHTFUL] CUSTOMER SERVICE EXPERIENCE? (Click on all that apply.) The company...

In the future, would you be willing to pay any more for this product or service? How much more?



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Type of Delighter	DELIGHTED: % Definitely Would Pay More	DELIGHTED: \$ Amount Willing To Pay More
Sold other products tailored to me	66%	\$676
Was transparent with explanations -	41%	\$367
Showed interest/concern	41%	\$329
Created a fun or entertaining interaction	45%	\$326
Utilized surprise - e.g., 'Thanks for waiting two minutes - your order is now free'	54%	\$322
Offered great price and good value for money	51%	\$321
Gave you compliments	49%	\$315
Connected with you in a personal way - e.g., 'I've travelled with my 85-year-old father and I know how stressful it is'	47%	\$314
Was honest	54%	\$296
Acted humorously	44%	\$291
Exercised heroics - e.g., 'I'll bring this to your house myself this evening'	60%	\$289
Provided unique knowledge - e.g., providing golden nuggets of information you can use	45%	\$281
Provided extra value - e.g., dog treats at Starbucks, no extra charge for an after-hours emergency repair	48%	\$268
Was enthusiastic - e.g., 'Let's get this done right now!'	42%	\$253
Was empathetic	49%	\$217



Humor, heroics, surprise, empathy, honesty, cross-selling all top for increased spend

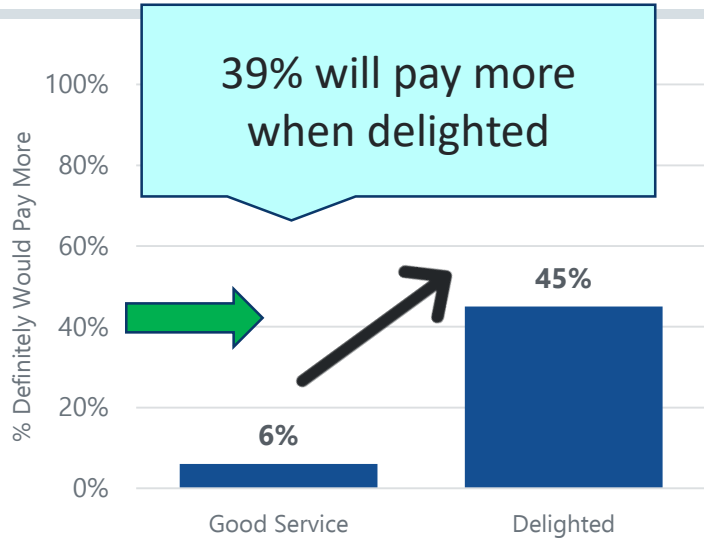
Digital and Video Chat Are Effective

- 48% of all delight experiences were digital – email, social media or chat
- The most prevalent single channel which consistently created high levels of delight was video chat, averaging 35% of all transactions produced delight. Intuit – 30% trust from eye contact.

Focus On Word of Mouth Impact in E-Commerce

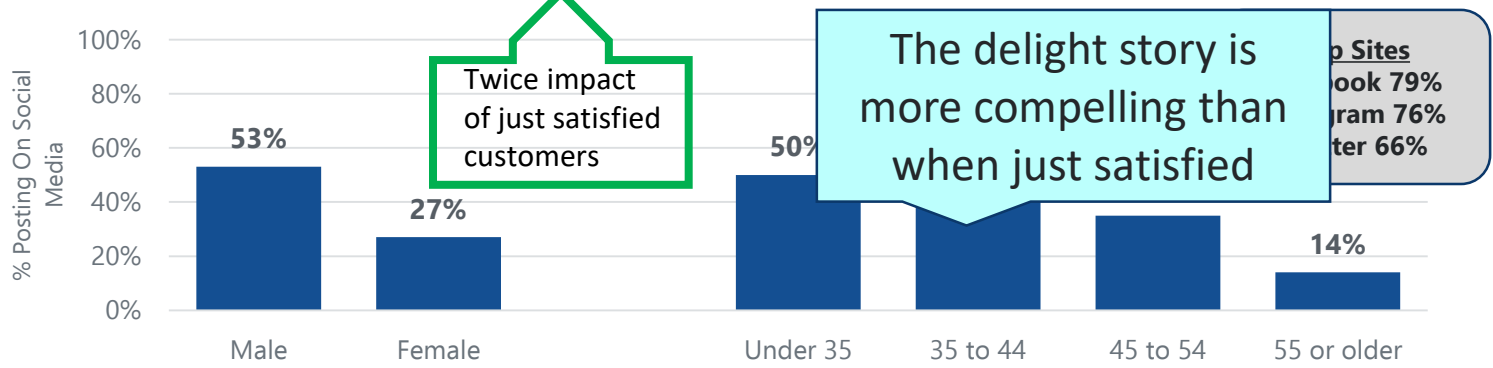
Type Of Delighter	Overall	E-Commerce
Was honest	35%	47%
Offered good value for money	34%	40%
Was enthusiastic	33%	31%
Was transparent with explanations	29%	38%
Showed interest/concern	27%	27%
Created a fun or entertaining interaction	27%	19%
Provided unique knowledge	25%	19%
Was empathetic	25%	31%
Connected with you in a personal way	21%	17%
Provided extra value	20%	26%
Utilized surprise	19%	24%
Gave you compliments	17%	20%
Sold other products or services tailored to me	16%	17%
Acted humorously	15%	11%
Exercised heroics	13%	11%
Other	2%	4%

Top Channels Of Delight
 37% E-mail
 24% Live chat
 18% Telephone



Measure	\$ Amount Willing To Pay More
DELIGHTED	\$459
GOOD SERVICE	\$185
BOOST TO FUTURE SPEND FOR DELIGHT	\$274
PERCENT INCREASE FOR DELIGHT	148%

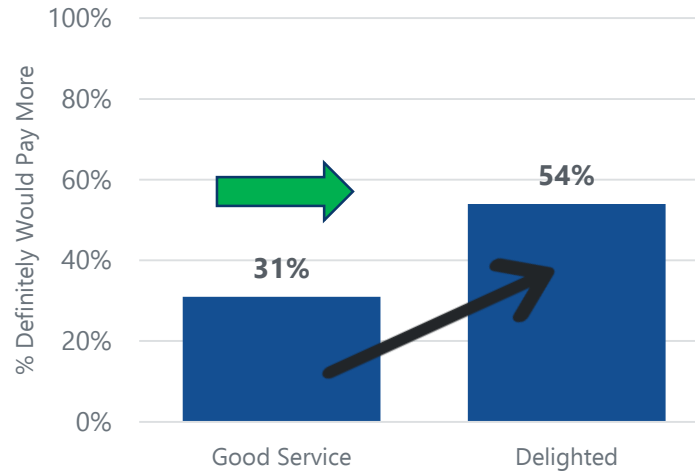
Begin with 1 delighted e-commerce customer...
 69% spread positive word of mouth... to 4.7 people on average...
 With 60% of those going on to purchase...
 = 1.9 new customer purchases from WOM



Delight Opportunities In Beauty And Fragrance

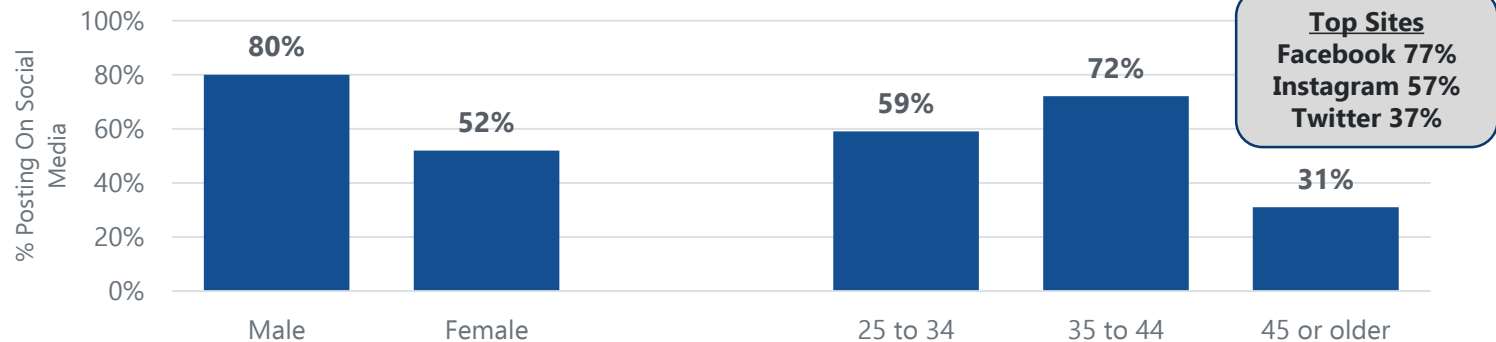
Type Of Delighter	Overall	Beauty and fragrance
Was honest	35%	32%
Offered good value for money	34%	35%
Was enthusiastic	33%	37%
Was transparent with explanations	29%	30%
Showed interest/concern	27%	27%
Created a fun or entertaining interaction	27%	35%
Provided unique knowledge	25%	27%
Was empathetic	25%	21%
Connected with you in a personal way	21%	17%
Provided extra value	20%	13%
Utilized surprise	19%	22%
Gave you compliments	17%	29%
Sold other products or services tailored to me	16%	27%
Acted humorously	15%	13%
Exercised heroics	13%	14%
Other	2%	3%

Top Channels Of Delight
 33% In person
 22% E-mail
 19% Social media interaction



Measure	\$ Amount Willing To Pay More
DELIGHTED	\$270
GOOD SERVICE	\$55
BOOST TO FUTURE SPEND FOR DELIGHT	\$215
PERCENT INCREASE FOR DELIGHT	391%

Begin with 1 delighted beauty customer...
 81% spread positive word of mouth... to 5.5 people on average...
 With 69% of those going on to purchase...
= 3.1 new customer purchases from WOM

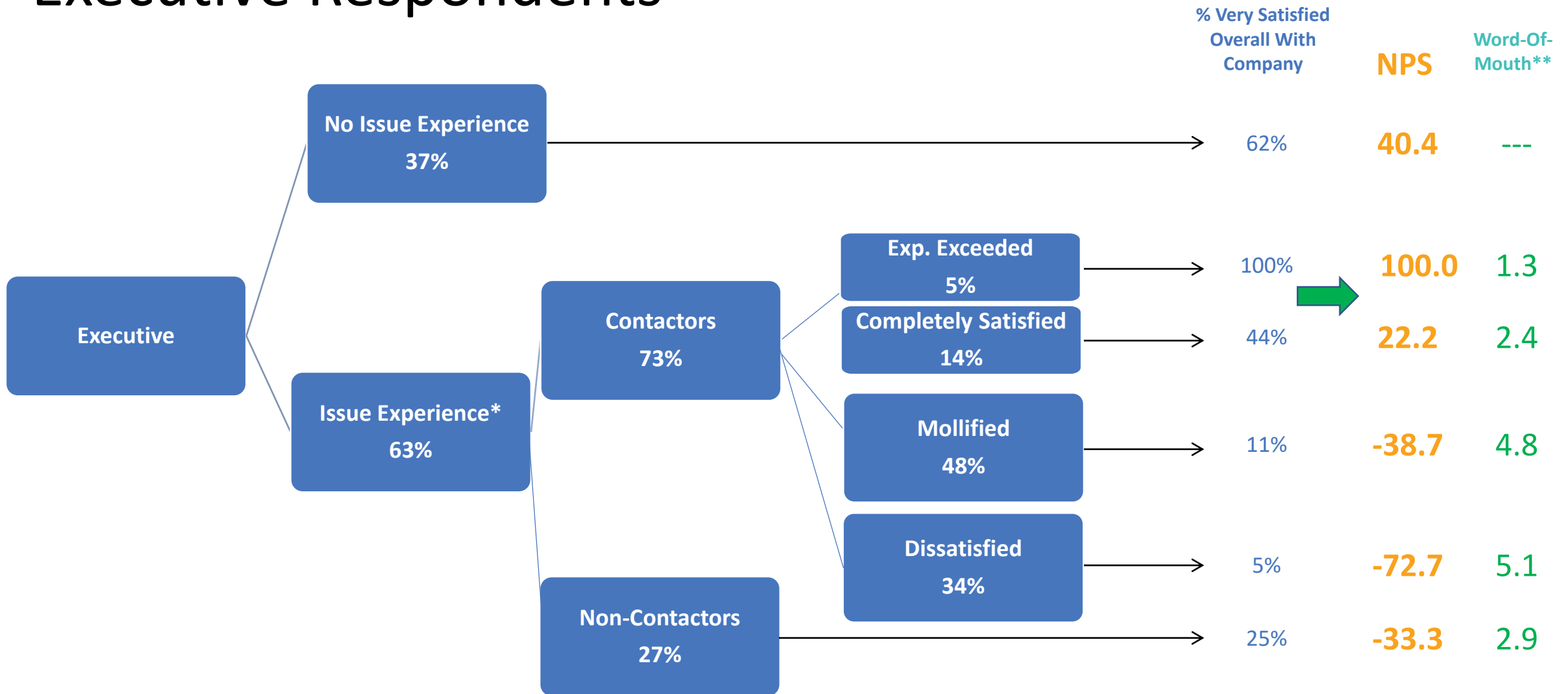


Top Sites
 Facebook 77%
 Instagram 57%
 Twitter 37%

Results of Beautycounter.com Experiment

- Trained eight reps on one team holding another team as control group
- Each team handled about 2500 contacts in two weeks
- Surveyed every contact using five point scale
- Received 447 surveys for experimental and 340 surveys for control group
- Percent top box, 84% control and 88 for experimental, 4% difference is significant with 90% confidence
- Conclusion: Two hour training investment in delight produced 4 point lift in top box rating as well as significant sales and staff satisfaction impacts
- Next To-Do: Create measurement scale to differentiate between sat and delight

Delight Also Applies to B2B – Major SaaS Vendor – Executive Respondents



* In the past 12 months

** Average number of peers or colleagues told about most important issue

Implications for Market Research

- Sales and Marketing must be part of CX
- Customer education and onboarding is key
- CX depends on internal and external service
- Measurement and Insights must include Delight on Scales
- Business case must include revenue and word of mouth - It's 10-20 X more profitable to deliver a great experience than a good one



1. Marketing & Sales Transparency

- Objection: Marketing says transparency is counterproductive, stifles creativity
- Transparency and honesty create trust and WOM referrals
- Here is the fine print/we know you don't like surprises
- Customers obtained via WOM are less price sensitive and worth 25% more than average new customer
- Sales rep time spent on problems and fire drills reduced – usually 10-20% - more time to sell

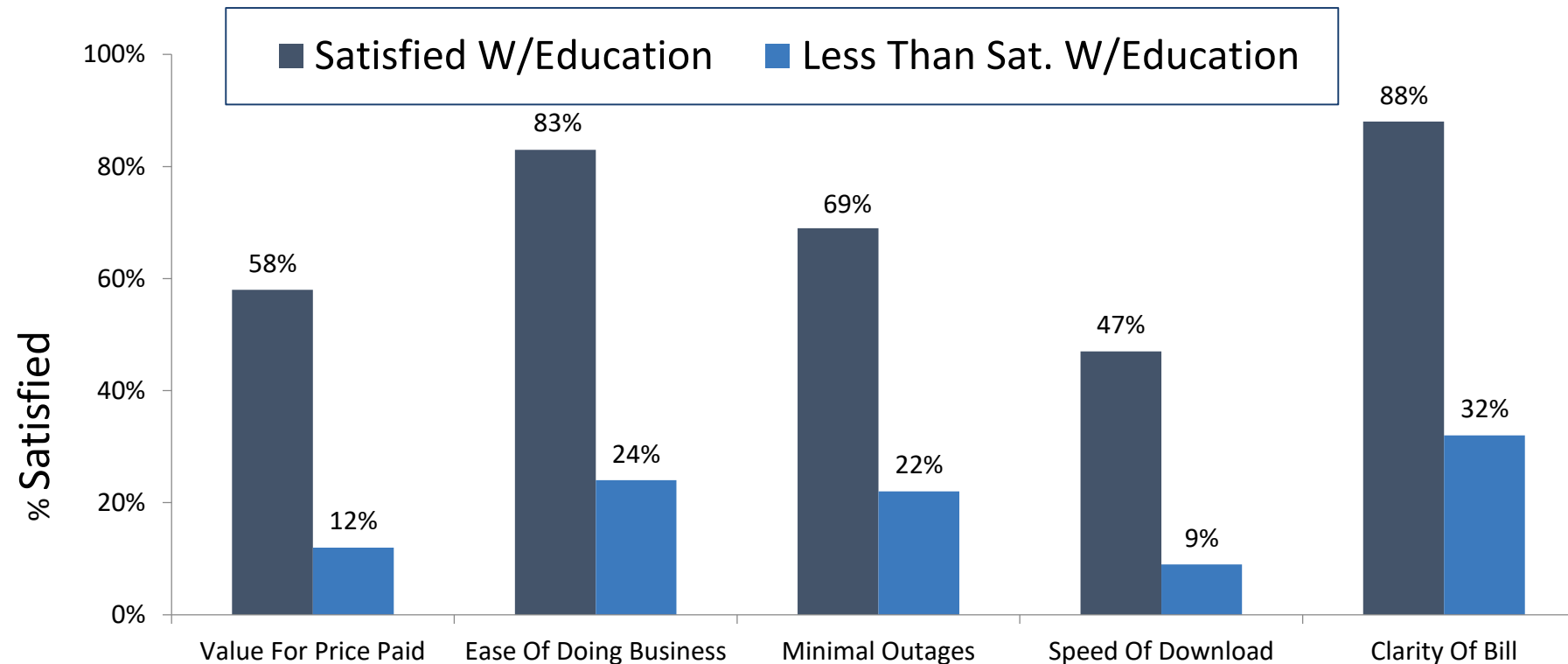
2. Onboarding

1. Flag Customers, ideally with personas
2. Motivate to get educated – scare, bribe, challenge
3. Provide basic education via multiple channels
4. Guide to self-service
5. Provide advanced education on features
6. Evaluation of which education worked and its impact

No one is accountable in most companies

Six steps for customer onboarding best practices - <https://bit.ly/3pBlumQ>

Payoff of Effective Onboarding - 40% Increase Satisfaction With CX at ISP



Successful Education Reduced Problems and Question by 40%

3. Measure Internal Service Impact on CX

- Issue – unresponsive internal service, no or wrong information on production/logistics; surprises
- Opportunity
 - Half of employee frustrations overlap customer frustration
- Actions to improve
 - Internal processes SLAs for information update and response
 - Metrics – employee frustrations with internal support that impact customers (See CCMC Employee Frustration Surveys)

4. Enhance Response

- Weave in low-cost Delight
- Enhance self-service and digital ease
- Proactively /Just In Time response
- Empower front line with flexibility and to say no

5. Measurement & VOC to Include Delight & Revenue-Based Business Case

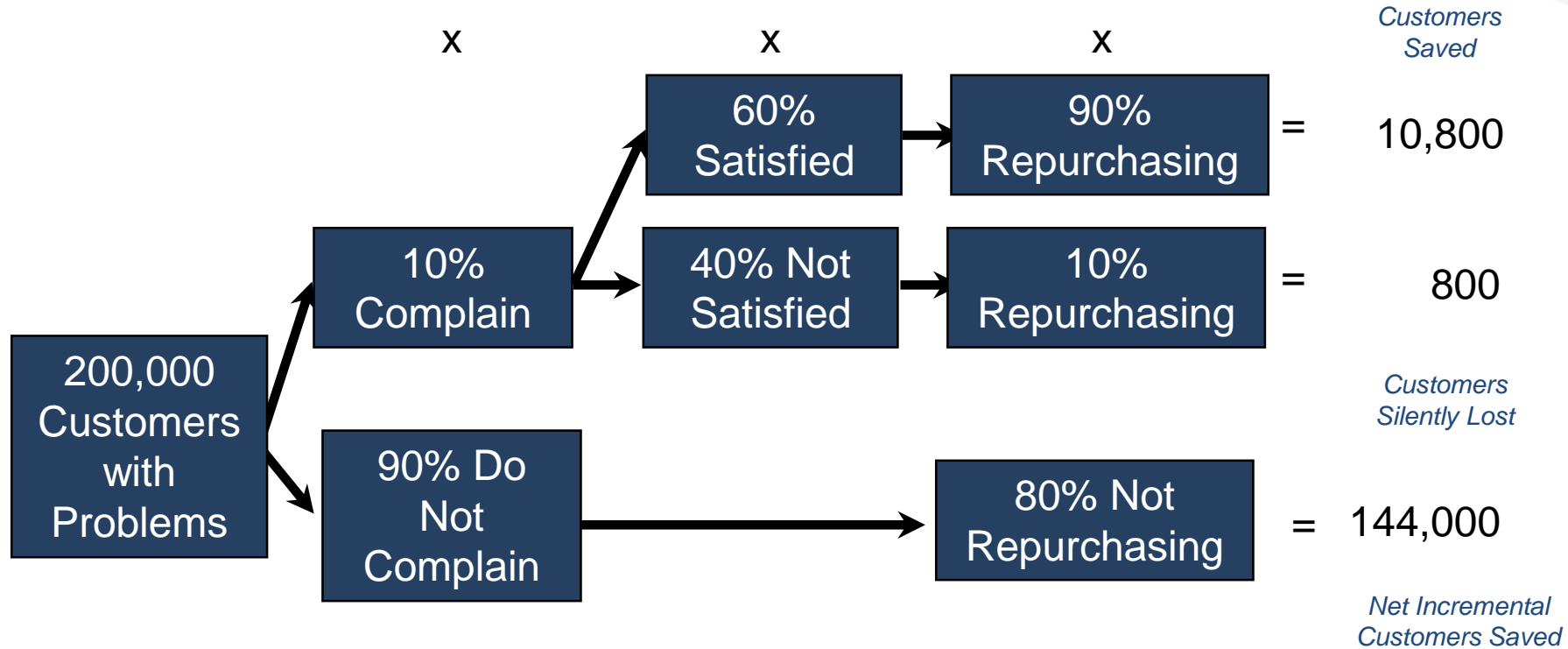
- Change the Scale to include delight
- Net Promoter Score and NPS 3.0 are blunt instruments*
- Improvement comes only from fixing granular problems
- Measure problem occurrence and resulting loyalty, revenue and WOM
- Position bad news = more revenue and profit

* See LinkedIn Post – Bridging NPS to Granular Revenue Impact

Business Case Starts With The Status Quo

- 20,000 complaints and questions
- Multiplier of 10 – for each complaint there are 10 other customers with same issue but did not complain
- 200,000 customers with problems
- Conservative customer value = \$150 per year for 2 years = \$300
- Cost to handle complaint \$15 plus \$10 remedy = \$25

Quantify Payoff of Status Quo Service



Total Customers Saved by Consumer Affairs 11,600 – 4,000 = **7,600**

At \$300 per customer, **\$2,280,000 revenue recovered** or \$648,000 30% gross margin

Cost of handling 20,000 contacts @ \$25/contact = \$500,000

ROI = 648,000/500,000 = 37%

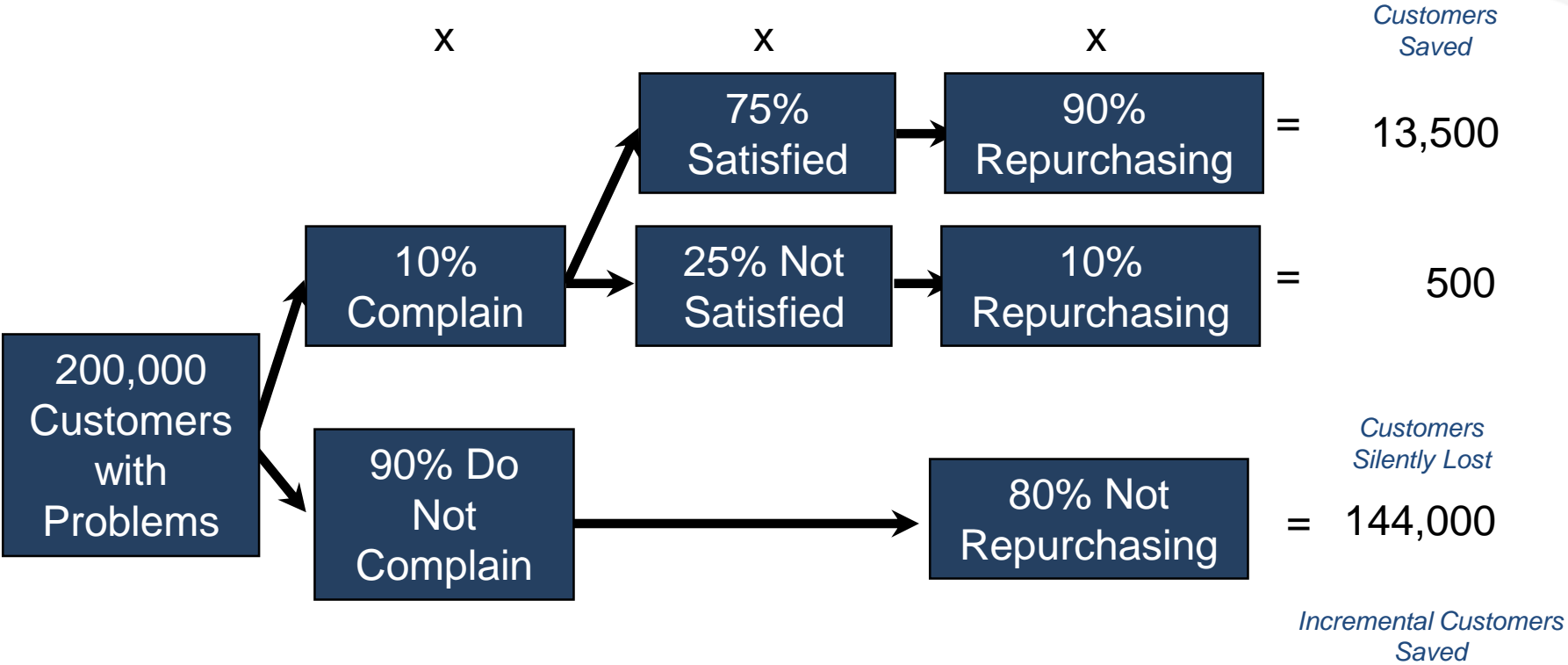
BUT! – still leaving 144,000 X \$300 = \$43 million on the table



Three Strategies for CA to Show Impact

1. Satisfy and delight more consumers that contact with issues – improve your recovery tools to include delight
2. Get more customers with problems & questions to contact
3. Enhance product and marketing to increase value, share, margin and word of mouth acquisition

Quantify Payoff of Higher Resolution Rate



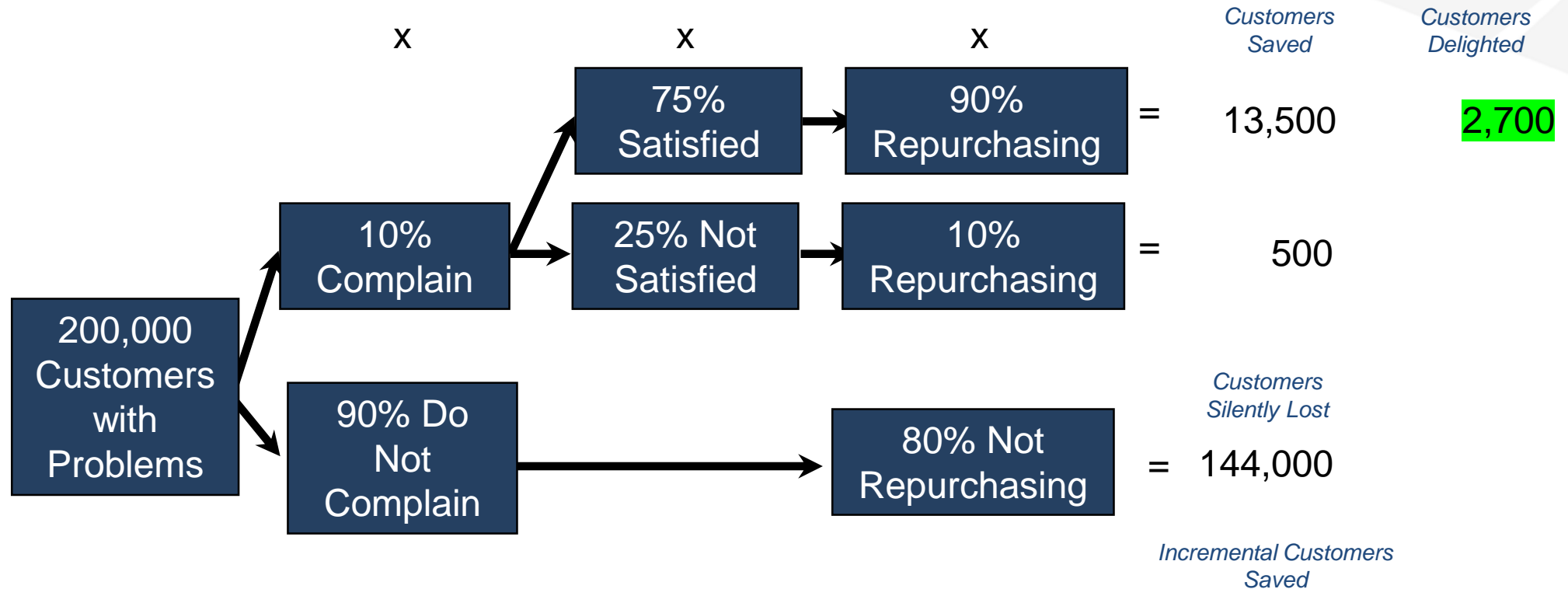
Total Incremental Customers Recovered by CA 14,000 – 4,000 = **10,000**

At \$300 per customer, **\$3,000,000 recovered or \$900,000 30% gross margin**

Cost of handling 20,000 contacts @ \$28/contact = \$560,000, ROI = 900,000/560,000 = **61% ROI**

BUT! – still leaving 144,000 X \$300 = **\$43 million on the table**

Quantify Payoff of Delighting 20%



Total Incremental Customers Recovered by CA $14,000 - 4,000 = 10,000$

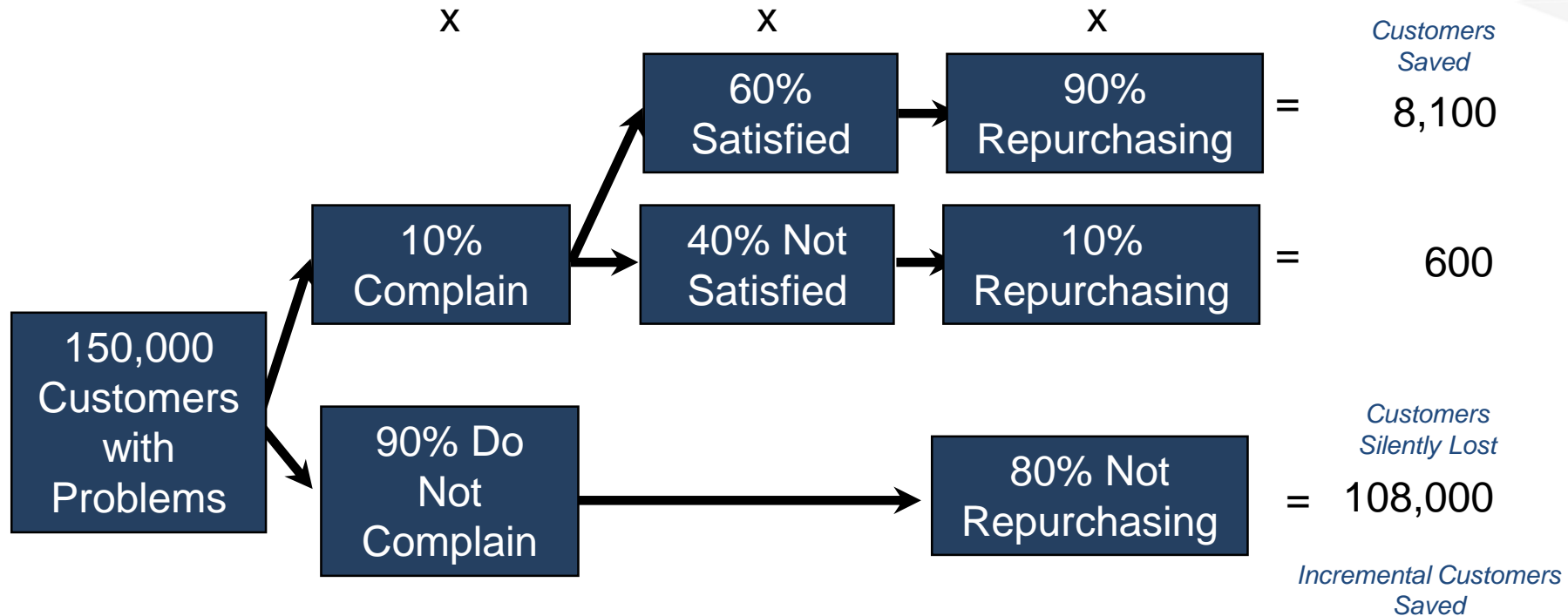
At \$300 per customer, \$3,000,000 recovered or \$900,000 30% gross margin

Cost of handling 20,000 contacts @ \$28/contact = \$560,000, ROI = $900,000 / 560,000 = 61\%$ ROI

Delighting 2,700 produces $\$1,143,000 / 560,000$ or ROI of 104%

BUT! – still leaving $144,000 \times \$300 = \43 million on the table

Payoff of Preventing 25% of Problems



Total Customers Recovered by CA 8,700 – 3,000 = **5,700**

At \$300 per customer, \$1,710,000 recovered or \$513,000 30% gross margin

Cost of handling 15,000 contacts @ \$25/contact = \$375,000

ROI = 513,000/375,000 = 37%

BUT! – **by spending \$200,000 on education**, reduce silent lost customers from 128,000 to 108,000 or save 20,000 X \$300 = **\$6 MM in revenue or \$1.8MM gross margin** for **ROI of 800%**



- **Delight is a cheap sales, customer service and digital opportunity**
- **Look at the revenue, margin and WOM implications of transparency, education and delight**
- **Insights must measure at the granular level**

Questions and Complaints??

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