

## OVERSTOCK.COM OUT-SERVICES THE COMPETITION WITH RIGHTNOW

Great customer care is a critical business requirement in the competitive world of online retailing. After all, it only takes one bad experience to lose a customer for life. Consistently positive experiences, on the other hand, keep buyers coming back.

Also, online retailers can't provide the kind of personal in-store experience that bricks-and-mortar retailers can. So it's even more important for them to make the most of every customer service interaction.

That's why online retail leader Overstock.com embraces RightNow as its strategic customer care solution. With RightNow, Overstock.com can respond to its customers quickly, effectively, and efficiently whether those interactions take place on the phone, through email, or via the web. Overstock.com also gains greater insight from all of those interactions—so managers across the company can make smarter, more customer-driven decisions every day.

Empirical evidence for the wisdom of Overstock.com's decision abounds. Before implementing RightNow, Overstock.com did not even appear on the National Retail Federation's list of the 150 highest-rated companies for customer service. After implementing RightNow, the company skyrocketed to #4—and has held that position.

Overstock.com has also seen every other metric—including first call resolution, Net-Promoter score, agent productivity, and self-service rates—improve across the board.

“RightNow has completely transformed the way Overstock.com interacts with customers by enabling us to understand and resolve issues with the least amount of time and effort,” says Stormy Simon, senior VP of customer care and branding. “The result is happier, more loyal customers, significantly lower contact center costs, and a vastly more scalable business model.”

### Before RightNow: Slow, Fragmented Customer Care Processes

Prior to implementing RightNow, Overstock.com contact center staff had a variety of desktop applications to address different tasks—such as return merchandise authorizations (RMA) and parts orders. These various applications were practical enough when the company first started. But, as the company grew, it became increasingly problematic for customer service agents to toggle between them—and to have to re-key customer or order identifiers every time.

Overstock.com also lacked a sufficiently robust ticket-tracking tool. This was problematic for several reasons. For one thing, their existing application did not enable agents to enter notes for unstructured information. The application also didn't provide the reporting features managers needed to track service levels or agent productivity.

Even worse, the application didn't have facilities for tracking the progress and aging of incidents as they were being handled by various participants in the resolution process. This became more of an issue as the company grew and began to work with a growing number of suppliers. When Overstock.com customers buy a product, they don't go to the manufacturer for post-sales service, they go to Overstock.com. When an Overstock.com customer service agent receives a call or email about that product, he or she must pass the issue along to the manufacturer—and then keep track of that issue until it is resolved. Without an effective ticket-tracking system, there are many ways this process can be delayed or mishandled.

## Industry: Retail / Consumer Products

### Goals

- Significantly improve the quality of the customer experience across all communication channels
- Improve contact center efficiency in order to cost-effectively scale the business
- Gain greater visibility into customer needs, market trends, and opportunities for business process improvement

### Achievements

- The Overstock.com NetPromoter score has seen nearly a 7x improvement while customer satisfaction scores have jumped 10%
- Email volume is down 72%
- First-call resolution rates have improved 10% while call handle times have been reduced by 25%
- Estimated \$1,000,000 in savings per month from contact center reductions
- RMA and Teradata database integrations bolster contact center efficiency
- Ranked #4 retailer nationwide by National Retail Federation in customer service—one year after not making the top 150
- High-value customer insight consistently delivered to decision-makers in multiple departments

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Overstock.com also did not have a sufficiently effective means of managing the service-and-support information it presented to its customers. The company posted a variety of “FAQs” and tried to keep them updated. But those FAQs were not easily searchable—nor did the use of mere static FAQ text allow site managers to determine how effectively the company’s web content was meeting customers’ actual information needs.

In addition, incoming emails were managed in a handful of Microsoft Outlook mailboxes, which by themselves don’t provide any way to ensure timely responses or track ongoing service-level performance.

The result of these inadequacies was that Overstock.com had difficulty responding to customers with the speed and precision they demanded. In addition, the constraints on contact center productivity meant that growth in operational costs would have remained tightly linked with the growth of the business.

“We had clearly reached a point where we needed a better way of interacting with our customers,” says Simon. “We needed to keep our customers happy, we needed more visibility into their concerns, and we needed to ensure our ability to profitably scale the business.”

## RightNow: A Powerful, Scalable, and Complete Environment for Exceptional Customer Care

With RightNow in place, Overstock.com now has a complete, powerful, and highly scalable environment in place for delivering great customer care across all communication channels—and for gaining the deep customer insight necessary to make smart business decisions.

In the contact center, RightNow provides Overstock.com customer service agents with an intuitive desktop that gives them point-and-click access to all the information they need. This unified desktop workspace includes links to other applications (such as parts ordering and RMA) that are integrated into the RightNow interface through custom tabs. As a result of this integration, agents can process returns, issue coupons, and perform other actions without having to toggle between multiple separate applications.

The RightNow desktop facilitates fast, efficient customer service in many other ways as well. For example, because agents can now enter free-form notes describing an incident, it’s much easier for another agent to handle that incident later on if necessary—without having to ask the customer to repeat information.

Also, because both phone and email interactions are managed from the same RightNow interface, agents can immediately see if there has been any previous communication with the customer about a current issue via a different channel. This prevents multiple agents from working on the same issue at the

same time—as often happens in contact centers where channels are handled separately, since many customers use both channels in their attempt to get the fastest possible service.

Just as important, with RightNow, agents and managers can track every incident “hand-off” to make sure customers’ issues are handled in a timely fashion. So, if an Overstock.com agent passes a request to a manufacturer and doesn’t get an answer within 24 hours, he or she can follow up and push for that request to be resolved—ensuring that the customer’s need is met ASAP. Similarly, if an agent doesn’t follow up with a task within a defined period of time, the incident can be escalated to a manager who can quickly determine what’s holding things up.

The capture of all customer interactions across all channels within RightNow—combined with RightNow’s superlative reporting functionality—also allows Overstock.com managers to keep close tabs on key service metrics. They can see how quickly phone calls and emails are being answered, as well as if that performance is improving or declining. They can monitor agent productivity and response times from each manufacturer.

In fact, RightNow gives Simon and her team the ability to closely track both real-time and historical contact center performance, so that they can continuously improve service levels and resource allocation. They can also pinpoint where additional training or changes in workflow may be required.

“With RightNow, I can tell at a glance if there are any situations that require my attention or the attention of one of my assistants,” says Simon. “And I don’t have to worry about being blindsided by an issue that wasn’t even on my radar.”

## Making the Most of Web Self-Service

In addition to dramatically improving the performance of the Overstock.com contact center, RightNow has also transformed the company’s ability to provide self-service via the web. RightNow’s unique web self-service technology enables subject-matter experts across the organization to quickly create and modify knowledge items for the company’s site. These knowledge items can then be quickly reviewed, edited, and posted.

It’s much easier for customers to pinpoint the specific RightNow knowledge item they need than it is for them to wade through the typical vendor’s FAQ pages. RightNow’s web interface lets them search for the information they want by keyword or phrase. It also allows them to browse available information by category and sub-category.

RightNow also automatically maintains a list of the 20 most popular knowledge items. This list is visible on the first self-service page—ensuring that the maximum number of site visitors find the information they need on their very first mouse-click.

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RightNow's advanced heuristics further aid site visitors by tracking the way they navigate their way through the Overstock.com posted knowledge items. Based on these navigation behaviors, RightNow intelligently re-organizes site content so that knowledge items are associated with each other in accordance with how site visitors logically associate them. This ensures that visitors can quickly find the information they need—even as the amount of content on the site grows.

Customers can also let Overstock.com know if the self-service content they find is not helpful or difficult to understand. Overstock.com content managers can then act to correct the situation right away.

The overall impact of RightNow's advanced web self-service technology is significant for Overstock.com. First, large numbers of customers are able to immediately get the answers they need 24 hours a day. Second, because of these successful self-service experiences, customers keep returning to the site when they have questions. So the percentage of customer issues resolved through immediate online self-service continues to grow over time. During busy times, this number can reach ~85,000 site visitors per day.

Third, this growing volume of self-service resolutions saves Overstock.com more and more money every month. Every time a customer uses web self-service instead of calling or emailing the contact center, Overstock.com saves approximately \$6.38 per interaction. Overstock.com conservatively estimates it saves more than \$1,000,000 per month from contact center cost reductions alone.

“RightNow's online self-service capabilities greatly enhance our online customer experience while dramatically reducing our contact center workloads,” says Simon. “And, because it keeps getting more and more effective over time, it helps us scale our customer base without having to proportionally increase our operating costs.”

## Unified Information, Interaction, and Insight

It's important to note that the same information that Overstock.com has on its website is also available to its own 600+ contact center agents, who are dispersed across its corporate headquarters, a domestic call center, and an offshore facility. This ensures that customers get the same clear, consistent information regardless of how they contact the company. It also enables even new contact center trainees to answer questions like an experienced pro.

Also, with RightNow, all customer interactions—whether they occur over the phone, via email, or on the web—are captured in the same database. This means that Overstock.com has a true 360-degree view of all interactions across all communication channels. Simon and her team can therefore run reports and analyze all customer activity in a common manner.

This reporting is very useful for continually improving customer care. Overstock.com can see what kinds of questions its customers are asking and how well they feel those questions are being answered. They can use that information to train staff, clarify the language used with customers, and determine how to better allocate resources—for example, by changing staff hours to better reflect patterns in service workloads.

At the same time, this reporting provides enormously valuable insight to the business as a whole. By seeing what types of questions are generating the most contact center activity, Simon and her team can readily alert other areas of the business to potential problems and emerging opportunities.

For example, if customers are registering a lot of complaints about a particular product from a particular manufacturer, Simon's team can let the person responsible for managing the business relationship with that manufacturer know. Overstock.com can then decide to stop carrying that item, insist on better quality controls, or negotiate a discount to compensate for the extra service costs.

Similarly, if customers start to request a change to some business process or policy, Overstock.com can evaluate possibly accommodating those requests based on the volume of those requests.

The cumulative impact of this unified information, interaction, and insight is that customers are far happier with Overstock.com than they have ever been. In addition to skyrocketing into the NRF/AmEx Top 10:

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- Customer satisfaction scores have jumped 10 percent
- Email volume is down 72 percent
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The anecdotal evidence of improvement is substantial as well. Instead of letters of complaint, Overstock.com is now getting letters as long as three pages from customers heaping praise on individual customer service representatives. Subscriptions to the Overstock.com email newsletter have gone up as well, indicating just how much more closely engaged customers have become with the company.

All of this translates into real competitive advantage. As new customers more consistently become repeat customers—and as repeat customers more consistently recommend Overstock.com to others—the company is seeing sales remain strong even in the face of an overall softening in consumer demand. Plus, with costs under control, the company can increase its profitability regardless of market conditions.

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“RightNow is the perfect fit for our business,” says Simon. “We can now deliver a seamless, world-class customer experience across all channels, while aggressively pursuing deeper business insight and greater staff productivity.”

## “The best technology implementation I’ve ever experienced.”

RightNow didn’t just provide Overstock.com with the technology it needed to transform its customer experience. It also made it extraordinarily easy for the company to acquire and implement that technology.

One of the main reasons the implementation has gone so smoothly is RightNow’s on demand delivery model. Rather than having to build and manage its own additional costly IT infrastructure, Overstock.com leverages the high-performance infrastructure that RightNow maintains at its own state-of-the-art hosting facilities. This significantly accelerated Overstock.com’s time-to-benefit, while also greatly reducing its ongoing cost of technology ownership.

RightNow’s on demand model has also made it easy for Overstock.com to pilot RightNow’s various specific functional modules, since it does not have to make major investments in infrastructure and installation to run those pilots.

This ease of implementation is in stark contrast to the struggles that Overstock.com had that characterized an earlier attempt to implement CRM software from another leading vendor. That attempt at implementation was burdensome, costly, and never really provided the core functionality Overstock.com was looking for.

And it isn’t just the on demand model that has made implementation of RightNow such a positive experience. Thanks to RightNow’s intuitive software design, users at all levels—including front-line contact center staff, customer care managers, and system administrators—have consistently been able to get up to speed quickly, with minimal training. This ease-of-use is particularly important in the contact center, where new employees have to start becoming highly productive right away.

Also of tremendous value to Simon and her team has been the way RightNow works so closely with Overstock.com to fully understand all relevant aspects of its business. Instead of just coming into the engagement with a “one size fits all” approach, RightNow has always paid close attention to how Overstock.com manages its operations—as well as to its particular near- and long-term business objectives.

Fulfillment of those objectives required RightNow to integrate its software seamlessly with other existing business systems at Overstock.com. In addition to integrating RightNow with its RMA system and order management application, RightNow’s Professional Services team also engineered an

XML-based integration with a Teradata database that processes approximately 30 updates per second at peak volume. RightNow also imported several years of data into the database to ensure a smooth and successful transition to the new contact center environment. Just as important, RightNow was able to meet all of these technical challenges in a timely and cost-effective manner.

RightNow also provides Overstock.com with a wealth of experience and expertise in optimizing customer satisfaction and improving contact center processes. RightNow constantly shows Overstock.com ways to improve both their use of RightNow and their overall approach to customer interactions. Simon notes that RightNow makes these suggestions regardless of whether or not they generate any additional revenue for RightNow.

Simon gives RightNow high marks for its own ongoing service and support. She notes that RightNow has always been highly responsive whenever someone at Overstock.com has a question or problem, that all upgrades have gone smoothly, and that no one promises her what they can’t deliver.

“RightNow behaves like a true business partner—understanding our needs and doing everything necessary to make sure those needs are met,” she says. “This has far and away been the best technology implementation I’ve ever experienced with a software vendor.”

## ABOUT OVERSTOCK.COM

Overstock.com, Inc. is an online “closeout” retailer offering discount, brand-name merchandise for sale over the internet. The company offers its customers an opportunity to shop for bargains conveniently, while offering its suppliers an alternative inventory liquidation distribution channel. Overstock.com, headquartered in Salt Lake City, is a publicly traded company listed on the NASDAQ Global Market System and can be found online at <http://www.overstock.com>.