



**ZERO CONTACT RESOLUTION:  
How to Keep Customers and Build Great Brands  
in Today's High-Choice/High-Churn Markets**

**Steve Daines, Vice President and General Manager,  
Asia/Pacific, RightNow Technologies**

## ZERO CONTACT RESOLUTION:

# How to Keep Customers and Build Great Brands in Today's High-Choice/High-Churn Markets

### TABLE OF CONTENTS

---

Executive Summary .....	1
The Customer Experience: Higher Standards, Higher Stakes .....	2
Conventional FCR vs. True FCR .....	3
Boosting "True FCR" .....	4
The Ultimate Goal: ZCR .....	6
The ZCR Payoff .....	8
About the Author .....	9
About RightNow Technologies .....	9

## EXECUTIVE SUMMARY

---

For years, contact centers have used first contact resolution (FCR) rates to measure their performance. And FCR remains a useful metric for assessing how well contact centers handle incoming requests from customers.

But FCR rates do not by themselves provide an accurate view of how well your company is treating your customers. In fact, they may even be misleading. Here's why:

- 1) A customer's phone call or email is often not a "first contact" at all. Today, chances are that the customer has already been to your website. He or she may also have pursued some other source of information, such as calling a local retail outlet, before calling the contact center. So the FCR you measure in your contact center is more likely SCR (second contact resolution).
- 2) By the time a customer makes this second contact, he or she probably has a problem and may already be getting frustrated. That's why you can do an even better job of serving and satisfying your customers by being more proactive in the way you address their potential problems.
- 3) Customers can take their business elsewhere more easily than ever. They are also doing business with companies that are delivering an extremely high-quality customer experience. They therefore have higher expectations than ever and lower tolerance for experiences that don't meet those expectations.

In other words, if you want to retain customers and successfully differentiate yourself from your competition, you can no longer rely solely on reactive metrics such as FCR rates to tell you how good a job you're doing. You have to adopt best practices that will enable you to meet your customers' needs before they hit the contact center. This is what Zero Contact Resolution (ZCR) is all about.

This white paper explains the forces that are making ZCR a business imperative for companies seeking to survive and thrive under current market conditions. It also offers concrete, practical examples of how to achieve ZCR—as well as how to improve true FCR and SCR.

Organizations that embrace this proactive approach will have a distinct competitive advantage in a global market environment where revenue growth, brand identity and long-term loyalty are largely contingent upon aggressive, intentional optimization of the customer experience.

.....

## THE CUSTOMER EXPERIENCE: HIGHER STANDARDS, HIGHER STAKES

---

Why is ZCR important, anyway? Why should companies even worry about the quality and consistency of their customer experience?

The obvious answer is that customers are any company's most precious asset. You can increase your capacity. You can raise more capital. But, at any given time, there are only so many people who are in a position to buy your products or services. So when you turn off a customer, you lose something you may never be able to replace.

And it's getting easier to lose customers than ever. There are two reasons for this. First, customers are now in control. With the internet, they can quickly find and compare all kinds of companies—large and small, local and distant—that sell what they're looking for. They can walk down the aisle in today's retail environments and select just about any product or brand that they want. So your competition is always just a click or a few footsteps away.

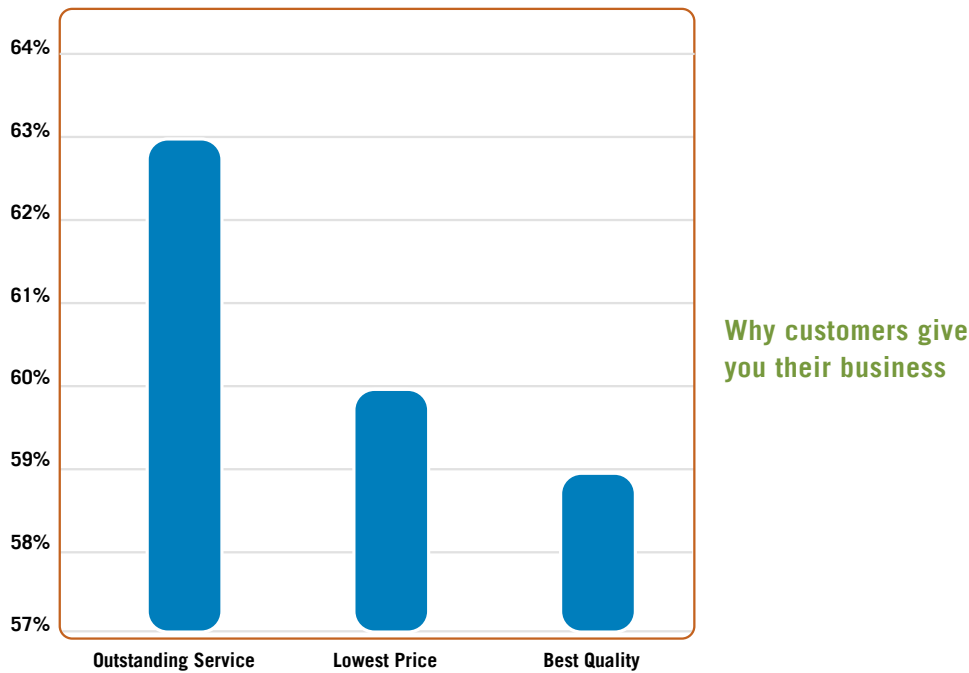
Second, customers' expectations continue to rise. That's because they are encountering companies that have made an all-out commitment to a superlative customer experience. These companies anticipate their needs, provide highly personalized service, and do lots of things to generally make life easier.

So customers aren't just comparing your company to your competitors. They're comparing you to the latest best experience they've had with any company at all.

To make matters worse, recent research indicates that 68 percent of customers who stop doing business with a company because of an unsatisfactory interaction will never do business with that company again.

All of these factors—the importance of customers, the ease with which they can take their business elsewhere, their elevated expectations, and the fact that they often never come back—make it more critical than ever to treat customers right every time.

That's why it's so important to start measuring and optimizing the quality of your company's customer experience. If your customers don't feel like you know them and care about them, you're not going to keep them very long. ZCR simply offers a new and very powerful way of looking at and improving the customer experience.



Source: “Consumer Experience Report,” October 2006 Harris Interactive

## CONVENTIONAL FCR VS. TRUE FCR

FCR, as it is conventionally understood, remains an important metric for contact center performance. When a call or email is routed to a contact center staffer, it’s important that the staffer is able to resolve the issue right then and there. Otherwise, the cost for handling the issue goes up—and the quality of the customer’s experience starts going down.

But is FCR really “first contact resolution?” Probably not. By the time customers call or email your contact center, they have usually interacted with your company in some other way already. They may have visited your website. They may have bounced around your phone system. They may have had a conversation with an employee in one of your local stores or offices. They may have read instructions you provided with your product. Regardless of exactly how and when it took place, however, these initial interactions did not completely fulfill your customers’ needs. That’s why they had to have a subsequent interaction with your contact center.

In other words, what has historically been considered FCR is often actually SCR—if not third or fourth contact resolution.

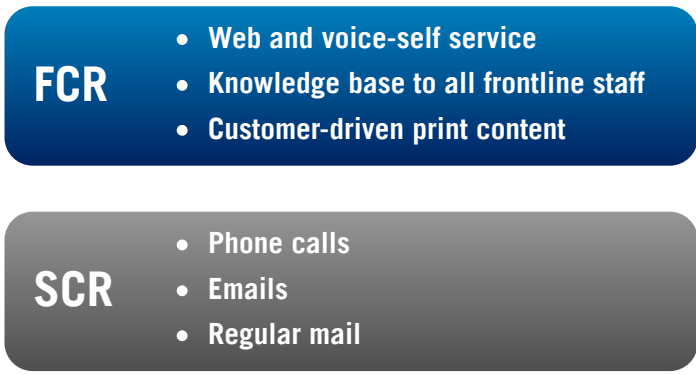
There are two reasons why it’s important to recognize that what we call FCR is actually a SCR:

- Your company can significantly reduce contact center workloads—and thereby contact center costs—by more effectively handling the interactions that occur before a customer makes a call or sends an email to your contact center.
- If your company successfully resolves issues at its true first contact points, you will deliver a more satisfying customer experience by saving the trouble of having to call you at all.

That higher level of satisfaction and loyalty delivers more than just incremental reductions

in contact center costs. It actually enables your company to grow marketshare, build a stronger brand, and avoid price erosion.

So is it still important to measure conventional FCR? Absolutely. FCR rates are an important metric for improving contact center performance. However, conventional FCR is primarily an internal operational metric. If you want to start measuring the performance of your business from the customer’s perspective—and reaping the concrete business benefits that a competitively superior customer experience delivers—you have to recognize the fact that FCR is really SCR. And you have to take steps to ensure that your true first contacts are more effective.



**Quality of Service**

**BOOSTING “TRUE FCR”**

How can companies deliver a better experience at their actual first points-of-contact with their customers? What can they do to meet their customers’ needs in ways that pre-empt potential phone calls and emails to the contact center?

Obviously, the first step in improving “true FCR” is to survey their frontline customer touchpoints and understand what kind of assistance and information customers are seeking in these situations. Are they looking for details about products? What issues typically prevent them from completing a purchase? Do the employees working with customers at these touchpoints need to better understand specific company processes or policies?

Once you clearly understand what kinds of interactions are taking place at each of your initial customer touchpoints, you can then take steps to improve those interactions.

These steps may include:

### **Optimized web self-service**

Since the web is often an initial touchpoint for customers and prospects alike, it's important to optimize the ease with which they can find the information they're looking for.

Companies that implement a well-managed knowledge base in conjunction with the right kind of search tools have achieved self-service rates of more than 90 percent. Conventional website FAQs are typically insufficient achieving this level of true FCR on the web.

### **Automated voice self-service**

Using interactive touch-tone and speech-based voice applications in conjunction with a well-managed knowledge base, similar self-service results can be achieved on the phone. Such applications can also be integrated with back-end transaction management, ERP and return merchandise authorization (RMA) systems so customers can solve even more of their problems without contact center assistance. Of course, callers must always be given the ability to quickly and easily escalate their issue to a human operator whenever they choose.

### **Effective email management**

Email remains a “black hole” at many companies, which lack an effective system for tracking, routing and responding to incoming questions. As a result, customers often become impatient and pick up the phone—or send a second, angrier email. A better approach is to have customers submit their questions using a webform that captures essential information, such as product model numbers and problem types. This information can be used to route emails to appropriate specialists and/or to automatically suggest answers from the self-service knowledge base. An effective system will also track the time it takes to reply to every email, so that supervisor can be alerted if response times exceed service-level goals.

Some of these “true FCR” improvement measures may fall outside the traditional scope of contact center management. Website content, for example, is often managed by marketing or IT. Phone systems are designed by telecom staffs or outside contractors. Authorship of printed documents may be the responsibility of product managers or corporate communications, while training and other resources for in-store staff is typically a function of HR and/or an operations department

Nonetheless, contact centers must play a key role in these measures. It is, after all, in the contact center that companies discover what their customers' most common questions and problems are. By developing insight into customers' needs and using that insight to drive website content, voice automation, printed materials and local store/office staff resources, contact center managers can help significantly improve both true FCR and the overall customer experience—even as they help reduce their own workloads.

## THE ULTIMATE GOAL: ZCR

---

Of course, there's no law that says you have to wait for your customer to contact you. In fact, many companies have developed ways to proactively anticipate and address their customers' needs before those customers have to make a call or send an email. This is the essence of Zero Contact Resolution—or ZCR.

ZCR obviously reduces contact center costs, because it pre-empts phone and online workloads. But its true value derives from the way it optimizes customer satisfaction, loyalty and retention. When customers know you care about them—and when you provide them with benefits that are unlikely to be duplicated by your competitors—they stick around, even when they are offered incentives to switch.

They're also much more likely to recommend you to their friends and family—which is the best form of advertising there is.

Here are some examples of how companies achieve ZCR:

### Targeted outbound messaging

Instead of waiting for customers to contact you, you can contact your customers to let them know about issues that may affect them. A classic example of this is the product recall, which proactively addresses a potential problem that a specific group of customers may have—rather than waiting for customers to discover the problem themselves. This ZCR tactic can take the form of bulletins or newsletters with content customized for specific customer segments.

### Event-driven notifications

This proactive ZCR tactic drives communication with the customer based on a specific event or set of conditions, such as when a car dealer lets you know your due for the next scheduled service on your vehicle or your bank lets you know you need to cover some checks that just came in for payment. The events that drive such notifications can also occur outside of the business relationship—such as when an airline lets customers know how an emerging security issue will affect schedules and carry-on policies.

### Feedback-aware product/service management

You can also achieve ZCR by using the insight you glean from your various touchpoints to ensure that your products and services closely align with your customers' needs and wants. This can eliminate a wide range of complaints and significantly improve customer satisfaction. To execute this tactic, you have to be able to capture information about all interactions across all communication channels. You also have to effectively apply analytics to that information to provide your product and/or service managers with the reports they need to appropriately modify and enhance your company's market offerings.

### Direct visibility into the customer “state”

You can become even more proactive in the way you address their customers' needs by gaining visibility into the customer “state.” A typical example of this is a parts supplier that directly tracks its customers' inventories so it can provide automatic replenishment based on current needs. Another example is an on demand software provider that monitors its

customers' business activity levels to proactively let them know when they may need to add capacity or modify their system configuration. This type of approach enables you to discover your customers' potential issues before they do.

### Proactive engagement

Sometimes the best way to make sure your customers are happy is to ask them. You can do this by simply picking up the phone and seeing how they're doing from time to time. You can also take the opportunity to ask them certain questions about their needs if and when they contact you about something else. But to sustain this kind of proactive engagement, you need to be able to answer some questions yourself: How often does each of my customers like to be contacted? How do they prefer to be contacted? If someone in my contact center uncovers a customer need, how does that need get communicated to the customer's account representative? Companies that can't answer these questions—and others like them—will struggle to develop a truly customer-centric culture.

These are just some of the ways that companies are achieving ZCR. Their successes result from re-thinking processes and implementing appropriate enabling technologies. However, the transition from an operations-centric focus on FCR to a customer-centric focus on ZCR is a cultural one as well. Each company has to determine for itself just how much effort and investment it wants to put into knowing its customers better—and how much of a commitment it's willing to make to acting upon that new-found knowledge.



## THE ZCR PAYOFF

---

Why should you make such investment and effort? With so many other areas of the business competing for resources, why should you prioritize a ZCR initiative?

Here are the most compelling reasons:

### Higher customer retention

Customers are your most precious asset. You can always raise more capital, hire more people, buy more raw materials and develop new products and services. But you can't create more customers. So you have to make sure you make the most of every one you have and every one you get. If you lose some money, you can always make it back. When you lose a customer, on the other hand, you can lose that customer forever. By implementing a ZCR strategy, you'll keep your customer happier—which means you'll keep more of your customers.

### Protection against price erosion

Pressures on pricing can become overwhelming in a globalized marketplace where competitors can take advantage of low-wage, low-cost national economies. These price wars kill margins and profits. You can, however, avoid being sucked into price wars by effectively differentiating your company based on the value you deliver and the power of your brand. ZCR is a powerful means of achieving such value and brand differentiation.

### Reduced operating costs

If there's an issue that impacts 54,617 of your customers, it's obviously less expensive to send out 54,617 emails than it is to take 54,617 irate phone calls. If you become a ZCR practitioner, you'll reduce workloads in your contact center by pre-empting a substantial volume of potential incoming customer communications—and by load-shifting much of that communication from high-cost one-on-one phone interactions to lower-cost email and web channels.

### Increased sales

Companies that understand their customers better are in a better position to sell them what they need. The closely bonded relationships facilitated by a ZCR strategy typically result in higher per-account revenue as up-selling and cross-selling opportunities present themselves with greater frequency.

### Word-of-mouth advertising

Satisfied customers beget other satisfied customers. When you deliver the kind of differentiated experience engendered by ZCR, you increase the likelihood that people will tell others about your company. You also increase the likelihood that you'll actually live up to the expectations of these new customers—so that they, too, will become unpaid cheerleaders for your company. This is the best form of advertising there is.

Does a ZCR initiative mean that you're going to try and have less contact with your customers? Of course not. There will be plenty of instances where you'll have to have multiple contacts with your customer in order to resolve an issue or problem. In fact, your "recovery behavior" when such multi-contact issues occur can play as great a role in improving your customer relationships as ZCR. And you'll still need to track your contact center's FCR rates to maximize both customer satisfaction and staff productivity.

But in today's highly competitive markets—where customers can easily take their business elsewhere and are constantly being offered attractive incentives to do so—ZCR is an absolute business imperative. It's essential for maintaining growth, margins, and brand value.

## **ABOUT THE AUTHOR**

---

Steve joined RightNow in June 2000 and has held several executive leadership positions including vice president of customer delivery and vice president of North America sales. His current position as vice president and general manager of sales in the Asia Pacific sector has united his experience with Asian cultures and his vast knowledge of the software industry.

Steve spent 13 years at Procter & Gamble where he spent his first seven years managing operations in the United States. In 1991, Steve served the company abroad in their China office leading Procter & Gamble's business expansion in China and Hong Kong. He continued in this position for six years.

Steve pioneered the thinking around "zero contact resolution" as a way to improve customer service. He has a patent pending regarding a methodology he developed for monitoring customer experience and driving proactive care. As a key executive at RightNow, Steve has been featured in numerous publications including CIO and CRM Magazine.

## **ABOUT RIGHTNOW**

---

RightNow (NASDAQ: RNOW) delivers the high-impact technology solutions and services organizations need to cost-efficiently deliver a consistently superior customer experience across their frontline service, sales, and marketing touchpoints. Approximately 1,900 corporations and government agencies worldwide depend on RightNow to achieve their strategic objectives and better meet the needs of those they serve. RightNow is headquartered in Bozeman, Montana.

For more information, please visit [www.rightnow.com](http://www.rightnow.com).

RightNow is a registered trademark of RightNow Technologies, Inc. NASDAQ is a registered trademark of the NASDAQ Stock Market.