



## Minimizing Customer Effort Leads To Customer Retention

business customers customer acquisition customer experience

**Summary:** Customer loyalty is considered the key to customer retention. An important part of that loyalty is customer effort. Do your customers have to work hard to access your products and services? Unhappy customers cost companies \$75B globally, so it is important to minimize your customers' efforts. We show you five areas to be especially watchful.

The world's first postage stamp, called Penny Black, was launched by Great Britain in 1840. Queen Victoria's portrait was used against a black background and, as you can guess, it was worth a penny. With the introduction of the postage stamp, sending letters and cards became cheaper and required less effort. This brought more trade for Great Britain, according to the British Library.

These days, we are still trying to streamline processes and minimize efforts taken in communication and commerce. As community financial institutions (CFIs) consider how sticky their customer relationships are, they should consider how much effort customers must exert to use their services. Many institutions think in terms of customer loyalty. But, there are many aspects of this loyalty. People who find it easy to interact with your institution will reward you by staying. On the other hand, if they don't find it easy, it could cost you. [Unhappy customers cost companies globally \\$75B](#), according to NewVoice Media.

Minimizing customer effort can be a point of differentiation between competing financial institutions. Banking services are often similar from one provider to another. Reducing the effort customers exert to interact with your institution can help current and potential customers see you as the best financial services provider.

To ensure that customers use the least amount of effort in using your services, here are **five areas where problems can surface** and how to prevent them from doing so.

1. **Fix bottlenecks.** Proactively seek out the places where your institution is causing unnecessary friction for your customers. For instance, if more than two or three customers call you and say that they can't find the answer to their question on your website, it's time to improve the navigation on your website. Another bottleneck could be a long line at your drive-up window. This suggests that your institution should consider hiring more tellers for busy times there.
2. **Answer promptly.** We've all had the experience of sitting on hold for what feels like an eternity. If customers need to wait too long, they may simply hang up before reaching a human being, leaving their issue unsolved. If you are short-staffed, you may want to offer other options for customers who are waiting, like having the option to hang up and have a staff member call when they are available. Other options could be to provide an email where they can send their question or chat online to find simple answers. According to revchat.com, *"by providing real-time engagement tools, customers are more satisfied and there is a reduction in churn rate."*
3. **Supply the right answer the first time.** Prompt connections with customers matter. After that, though, correct answers beat fast answers every time. Make sure the employees who answer common customer questions have everything they need to give accurate responses. Encourage them to take the time they

need to research any question to which they don't already have the answer. It's better to take a little extra time in the beginning than to revise a response.

4. **Follow through.** When customers begin a process with your institution, proactively anticipate what they'll require and make sure they get it. For example, a customer who begins the loan process with you shouldn't have to ask a banker to send whatever comes next. Teach your employees to stay ahead of client needs.
5. **Collect customer information once.** A customer who offers their name, social security number, and account number to the first employee she calls, does not want to repeat that information to the second person she encounters on the way to solving her problem. Make sure that your system allows the appropriate users to see customer information in order to deliver the best customer experience.

## CFIs may feel that they are doing all the right things, but how can they be sure?

**Surveys.** They can measure customer effort by using surveys. Tailoring questions to find out where your institution may have engagement issues is critical. You may need to ask in different ways and also ask open questions to get the feedback you need. Depending on your goals, you can ask questions about your operation as a whole or specific parts of your organization, such as your website or loan process.

**Frontline staff.** Your executives can also get a sense of customer effort by talking with public-facing employees. In what situations do they encounter frustrated or confused customers? Or even consider having executive staff sit with a customer service employee and listen to client calls to get unique insights. These activities are likely to indicate areas where customers are working harder than they should, and where your intervention can help reduce friction and improve customer experiences.

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## ECONOMY & RATES

Rates As Of: 03/04/2022 06:43AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.38	0.03	0.32
6M	0.69	0.00	0.50
1Y	1.03	0.03	0.64
2Y	1.49	0.06	0.75
5Y	1.66	-0.06	0.40
10Y	1.78	-0.05	0.27
30Y	2.18	0.02	0.28
FF Market	FF Disc	IORR	
0.08	0.25	0.15	
SOFR	Prime	ORER	
0.05	3.25	0.07	

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