

Being Smart:

The Road to Improving the Customer Experience While Increasing Efficiency



A Logitech Success Story

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SUCCESS STORY OVERVIEW

Challenge: Strengthen Logitech's market leadership by improving the customer experience while optimizing customer care operations.

Solution: Use net promoter score (NPS) as the driver behind everything Logitech does, improving the customer experience and managing costs.

Results: Logitech's NPS scores increased by as much as 70% and average handle times decreased by 25% in some regions.

LOGITECH STATISTICS AND FACTS

Founded: 1981 by Daniel Borel, Pierluigi Zappacosta and Giacomo Marin in Apples, Switzerland. In 1982, Logitech introduced one of the first commercially available computer mice, the P4, and today the company launches between 75 and 100 new products annually.

CEO: Guerrino De Luca, Chairman of the Board and Acting President and CEO

Employees: 9,000+

Main Offices: Morges, Switzerland and Fremont, CA, U.S.

FY 2011 Sales: \$2.4 billion

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The relationship between a company and its customers doesn't end when the sale is made. It's just the beginning. Today's increasingly demanding customers want their support needs resolved immediately. They have multiple ways to get in touch with brands they do business with, and they expect streamlined and consistent service across the various channels and touchpoints. This anytime, anywhere, multichannel service expectation is keeping companies on their toes and determined to find ways to satisfy their customers' wishes.

With hundreds of products on the market, Logitech is interacting with thousands of customers daily through phone calls, e-mail, chat, and forums. In any given month, the global technology manufacturer handles questions for about 650 different products, ranging from mice to keyboards to remotes. Customers contact Logitech to inquire about its return policy, request support when a product is not working, or ask for more information.

Aware of the increasing importance of delivering an optimal experience, in 2009 the company took an inward look at its customer care strategy. The company immediately identified a problem: With 14 different customer care vendors operating in over 20 locations, Logitech was lacking consistency in monitoring, measuring, and training. There were even divergences within the same region, meaning that the company could not guarantee uniform optimal service across the board.

The technology company identified a further challenge: Increases in support costs were not directly linked to an improved customer experience. Barry Marsh, director of technical solutions, customer care, Logitech, put it this way, "Our costs for care across multiple regions were increasing but the quality of the care was not improving at the same rate. In today's competitive market, we needed to do something different in order to leapfrog our competition."

Making Customer Experience a Priority

With a significant volume of support requests coming in across multiple regions, Logitech's typical customer care strategy was similar to that of its peers: focus on minimizing call average times to manage costs. Ensuring an optimal overall customer experience was not the primary focus.

Aware of the growing importance of putting the customer first, Logitech decided to revisit its charter, making customer satisfaction a top priority. Pat Brubeck, vice president of customer care explains, "When we modeled lifetime customer value, we discovered that a delighted customer who acts as a promoter is worth far more than the cost of handling that call." Brubeck continues, "Rather than focusing solely on troubleshooting, Logitech wanted to create a superior interaction with the customer, ultimately creating lifelong customers, who also become ardent promoters of the brand."

GETTING IT RIGHT

Choose your focus and commit to it: Every department within an organization should be focusing on a chosen target; for example, using NPS as the primary metric.

Select a suitable partner: Customer care is a strategic differentiator and a company must find a partner that shares the passion and dedication to the customer, and brings expertise that drives continuous improvement.

Listen and act: Ask customers what's important to them and, where possible, tweak policies and processes to satisfy their needs. It's not enough to collect data; it's imperative to act on it continually.

Localize your global strategy: Set a global baseline for customer care excellence and then be open to customizing it to address local cultural nuances. Customers in various regions might have different priorities, and it is important to identify them and attempt to address them.

Logitech wanted a superior customer interaction, ultimately creating lifelong customers who also become ardent brand promoters.

—Pat Brubeck, vice president of customer care

To put this strategy into action, Logitech sought out a partner that cared as much about the customer experience as they did. They interviewed multiple potential customer care delivery partners, choosing TeleTech because of its shared passion of striving for the best customer experience while maintaining financial efficiency. In 2009, the two embarked on a journey to link NPS across every customer care touchpoint using the resulting information to deliver the optimal customer experience.

Working together, Logitech and TeleTech began by focusing on a post-service questionnaire that is sent to customers immediately following a contact with the technology manufacturer. Among other questions, customers were asked whether they would recommend Logitech to a friend. Because service had been delivered by multiple vendors, the results were inconsistent, and it was difficult to uncover trends and opportunities in the results. The team created a standardized process for collecting, analyzing, and interpreting the customer verbatims. This activity laid the foundation for an ongoing process to monitor the impact of various initiatives over time.

Turning Detractors into Advocates

It is one thing to ask for feedback, it is another to create an ongoing process to actually act on the findings. The Logitech and TeleTech teams established new operating procedures that included a weekly review of survey results and ongoing categorization of the findings into areas for action. Service issues were addressed by the TeleTech teams, product and channel questions went to the Logitech product groups. One quick hit the team uncovered was the ability to dramatically enhance self-help channels based on customers' feedback, ensuring that customers were able to find the information they needed quickly and effectively.

One of the most powerful results of this effort was the ability to identify detractors before they become vocal. Logitech created a Detractor Reduction Program (see the Identifying Detractors sidebar below) that allows Logitech to immediately reach out to dissatisfied customers to address problems and find speedy solutions. The program provides valuable insight into customer expectations, allowing the company to fine-tune processes to better meet their needs.

IDENTIFYING DETRACTORS

Logitech set up a Detractor Reduction Program with two goals—identify red flags quickly and provide white glove treatment when necessary.

- **Red Flag:** Whenever Logitech receives survey responses that indicate a negative customer experience, for example about a product or an interaction with an associate, the feedback goes straight to both the executive leadership and the contact center's team leader. As a next step, the team leader circles back to the customer to get more information about the challenge, discuss a solution and, if necessary, apologize and close the loop with the original associate.
- **White Glove:** Structures have been put in place to ascertain that customers who contact the contact center multiple times are escalated to white glove associates. Having received more robust training, the white glove associates are able to answer more specific questions and spend more time ensuring that the customer is getting all the required information. The ultimate objective is to ensure that customers who might have become detractors have a great final experience.

We discovered that a delighted customer is worth far more than the cost of handling a call.

—Barry Marsh, director of technical solutions, customer care

The results are allowing Logitech to uncover nuances in local cultures and recognize that customers in different regions have different priorities. For example, early on Logitech realized that customers in Asia expect speedier answers than those in other regions. Following this insight, Logitech redesigned its process to reduce call queues, allowing calls to be answered more quickly. The detractor identifier also highlighted that customers in the U.S. were not satisfied with Logitech's return policy on under-performing products. The company revised the policy to facilitate the return process, resulting in a 50 percent increase in NPS in just one year.

What Gets Measured is What Gets Done: Applying NPS to Associate Performance

Typically, a company receives about a 10 percent response to their aftercare surveys, but Logitech is enjoying response rates as high as 25 percent. The substantial response is allowing Logitech to link performance to associates' score cards, giving an incentive to provide excellent customer service. With the help of TeleTech, Logitech reformed its previous Quality Assurance guidelines, which were rigid, process driven, and in most cases tried to "tick all the boxes" rather than consider the customer's experience. In line with the NPS methodology, "Logitech wanted to ensure that customers were delighted by the experience they received. The company also wanted to empower its employees to do the right thing by their customers," said Colleen Ritchie, vice president of operations at TeleTech.

The NPS scale serves as the basis for Logitech's QA program, with measurement categories focusing on the customer rather than the process (80 percent versus 20 percent respectively). The associates are able to relate the QA evaluations with the NPS scores awarded to their calls, reflected in their monthly incentive plan. This has helped employees relate to and recognize the importance of NPS. Furthermore, especially within an ever-changing market, this new way of meeting customers' needs also requires continuous assessment. In fact, Logitech has made numerous changes to the form to fine-tune it. But rather than consider this daunting, the technology company welcomes the fact that frequent assessments and revision beget continual improvements.

Insight from the survey verbatims allowed Logitech to structure the skills profile of its associates according to the specific culture expectations, which resulted in dramatic improvements in NPS. The company also redesigned its training curriculum, prioritizing on-the-job training and nesting activities.

Logitech has empowered its associates to make call backs and follow customers throughout their interaction with the company until their issue has been resolved. This “one associate for each problem” strategy is helping improve the customer’s experience since they are now dealing with the same person throughout their communication with the company.

Other improvements include more effective associate scripts and an enriched online resource that associates use during customer interactions. The knowledge base has been centralized, ensuring that all associates have access to the same information, including problem resolutions. This knowledgebase is regularly updated to include new insights.

Results: The Right Balance - Increased Customer Satisfaction and Improved Efficiency

Within two years, NPS scores have shot up to between 70 percent in the Americas and a staggering 215 percent in Asia Pacific (see figure 1). By focusing on improving the customer experience, Logitech enhanced the service level and cut average handle times by up to 25 percent. Marsh explains, “This journey has turned out to be a win/win for us. By committing to a discipline that focuses on exceptional customer care, we have been able to improve customer satisfaction while reducing our costs.”

The Partnership Results: Americas

Metric	Baseline	@ End of Year 2	% Improvement
NPS	40	68	+70%
FCR	69%	75%	+6%
AHT	1013s	791s	+22%

Figure 1: Logitech saw impressive improvements in NPS over a two-year period.

SOCIAL REACH

Logitech had a multi-pronged vision: Cognizant that social media was playing an integral part in its customers’ lives, the company wanted to better connect with them on platforms they were already using. Apart from wanting to reduce its support costs, the tech company had the vision of creating a platform where both present and potential customers could chat about products and discuss support issues with other users.

Aware that customers were already using different channels to discuss Logitech products, the company decided to build a community on its website, allowing the conversations to be moderated by Logitech’s tech experts who also intervene if the community is unable to solve an issue itself.

Logitech created a state of the art social media community dedicated to technical support from the customers themselves or, if needed, from Logitech experts. The community houses multiple forums grouped by categories; for example, webcams and video calling, Harmony universal remotes, and smartphone apps. The support community, which is easily accessible from the support page on Logitech’s homepage, facilitates hundreds of conversations. Logitech has been able to engage enthusiastic customers, who are an integral part of the community, answering questions and directing other users to where they can get the information they’re looking for.

TeleTech worked with Logitech to develop rules of engagement that ensure the community’s integrity and win customers’ trust. One of these rules revolves around the involvement of experts within the forum. TeleTech Social Support Specialists monitor the conversations, but rather than intervene immediately, they give the community time and space for their own conversations, only getting involved if the support issue isn’t resolved within 24 hours, or if the particular problem requires immediate assistance.

The community rewards its specialist contributors through a specially-developed rating system which awards “kudos” points that reflect the customer’s experience and provides the company with another way to monitor and manage its quality of service. The Social Customer Relationship Management initiative has allowed Logitech to significantly build engagement with customers and also generate positive feedback about its service from its own customers.

Logitech wanted to ensure that customers were delighted by the experience they received.

—Colleen Ritchie, vice president of operations at TeleTech

About TeleTech

For nearly 30 years, TeleTech and its subsidiaries have helped the world's most successful companies design, build, implement and manage superior customer experiences across the customer lifecycle in order to drive shareholder value. As the go-to partner for the Global 1000, the TeleTech group of companies delivers technology-based solutions that maximize revenue, transform customer experiences and optimize business processes. From strategic consulting to operational execution, our more than 44,000 employees drive success for clients in the communications and media, financial services, government, healthcare, technology, transportation and retail industries. Our companies deliver award-winning integrated solutions in support of customer innovation, revenue generation, technology innovation, enterprise innovation, learning innovation and professional services. For additional information, please visit www.teletech.com.

About Logitech

Logitech is a world leader in products that connect people to the digital experiences they care about. Spanning multiple computing, communication and entertainment platforms, Logitech's combined hardware and software enable or enhance digital navigation, music and video entertainment, gaming, social networking, audio and video communication over the Internet, video security and home-entertainment control. Founded in 1981, Logitech International is a Swiss public company listed on the SIX Swiss Exchange (LOGN) and on the Nasdaq Global Select Market (LOGI).

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