Gartner

Gartner for Customer Service & Support

The Customer Value Advantage

Capture untapped opportunity to drive customer loyalty and retention

Tap Customer Service and Support for Growth and Revenue

Customer service and support (CSS) leaders have historically faced pressure to effectively resolve customers' issues while protecting the bottom line. Their No. 1 job was to return customers to a steady state with the product or service they had purchased through an effortless, cost-efficient experience. To the extent that CSS organizations impacted loyalty outcomes, they did so through reducing disloyalty.

While low-effort customer service remains an essential part of service strategy, it's insufficient to drive desired loyalty and growth outcomes. In 2020, Gartner research uncovered a huge opportunity for CSS to do more to drive tangible business outcomes, specifically by helping customers achieve their intended goals with the product or service they purchased. When service creates this value for customers, it can boost customer loyalty outcomes such as retention, growth and advocacy.

The best CSS organizations capitalize on service interactions to make an impact on loyalty through "value enhancement" — not just ensuring that the customer's issue is resolved, but also that they leave an interaction more confident in their purchase decision and better able to maximize the value of their product or service.

While many service and support organizations have embraced value enhancement as a strategy, they admittedly have struggled with execution and often are only able to create value for customers in a limited or ad hoc manner. To fully address customers' needs and capture the business opportunity at hand, CSS leaders must understand the key steps for (re)organizing their operations to efficiently and systematically deliver customer value while also minimizing customer effort.

Our research shows that there are several key questions CSS leaders need answers to in order to operationalize value enhancement. The most successful CSS leaders understand what value enhancement does (and does not) look like in customer interactions, identify a compelling set of initial use cases based on available data and technology, deliver value enhancement in both live and self-service interactions and look for ways to drive value outside of one-to-one interactions with customers.

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Research components

Customer panel survey sent to ~6,000 B2C and B2B customers

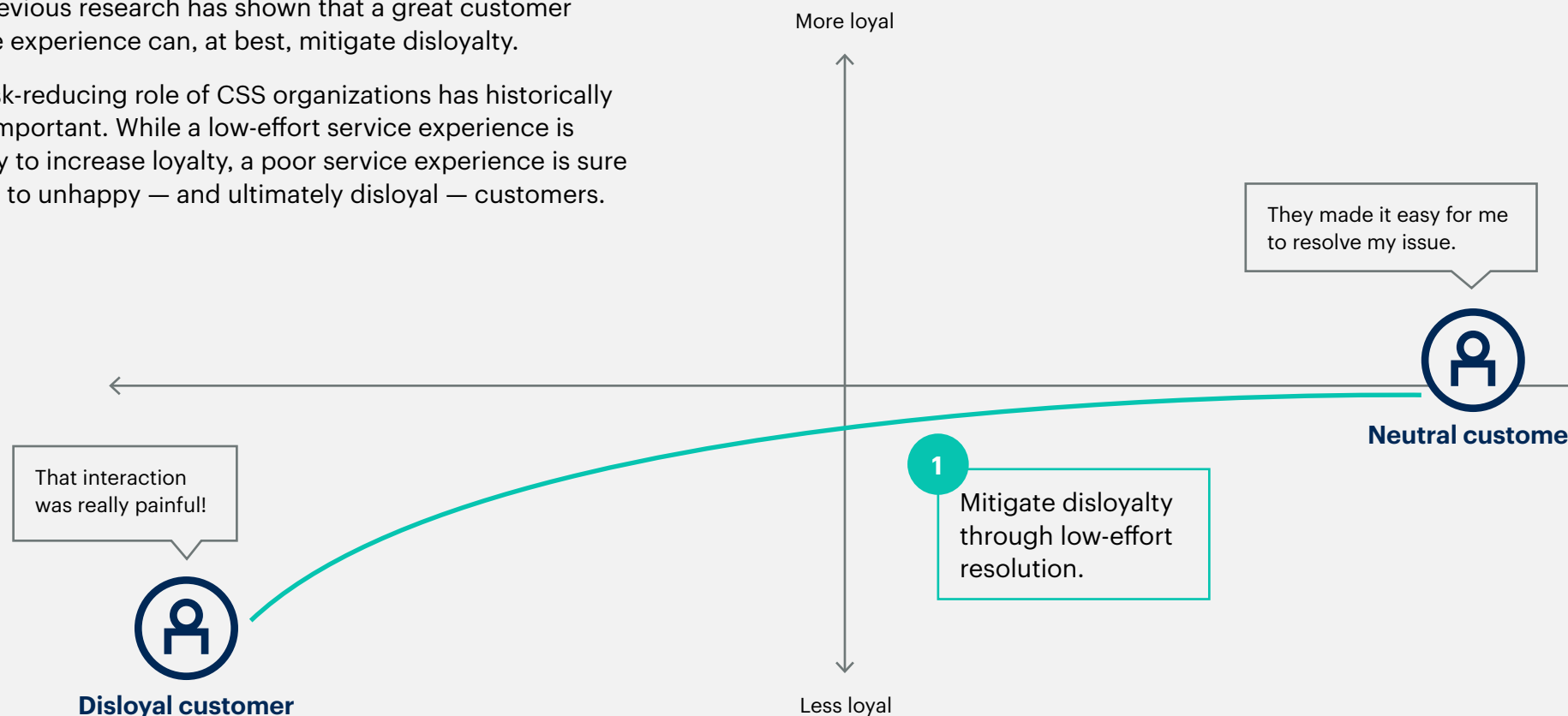Service and support leader survey with 100+ global participants

Audit of 50+ service and support webpages

Interviews with 30+ service leaders across industries, geographies and business types

Job No. 1: Mitigate disloyalty through low-effort resolution

Our previous research has shown that a great customer service experience can, at best, mitigate disloyalty.

This risk-reducing role of CSS organizations has historically been important. While a low-effort service experience is unlikely to increase loyalty, a poor service experience is sure to lead to unhappy — and ultimately disloyal — customers.

More loyal

They made it easy for me to resolve my issue.

Neutral customer

That interaction was really painful!

1 Mitigate disloyalty through low-effort resolution.

Disloyal customer

Less loyal

Source: Gartner

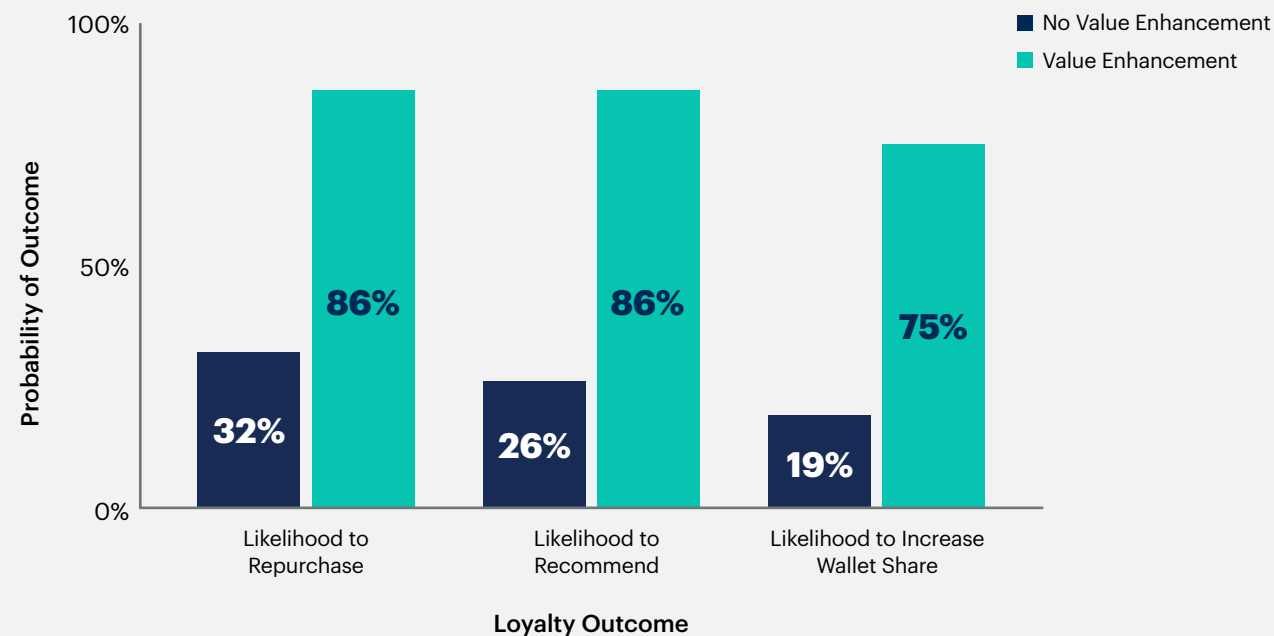# Value enhancement greatly increases the probability a customer will stay

When we analyzed customer responses after service interactions, some customers reported that they were not only less likely to show disloyalty toward the company, but more likely to advocate, renew and spend more.

Specifically, these customers said, that the interaction had increased their confidence in their original purchase decision or helped them achieve more with the product/service. These customers experienced what we call "value enhancement."

After this type of value-enhancing service interaction, we found the **likelihood to repurchase was over 2.5x greater, the likelihood to recommend was over 3.3x greater and the likelihood to increase wallet share was almost 4x greater.**

Probability of loyalty with and without value enhancement

Comparison of Probability of Loyalty With and Without Value Enhancement

Legend: ■ No Value Enhancement ■ Value Enhancement

Likelihood to Repurchase: 32% / 86%
Likelihood to Recommend: 26% / 86%
Likelihood to Increase Wallet Share: 19% / 75%

Y-axis: Probability of Outcome
X-axis: Loyalty Outcome

n = 5,824 B2C and B2B Customers
Source: 2021 State of the Customer Survey
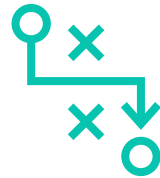
Value enhancement drives loyalty
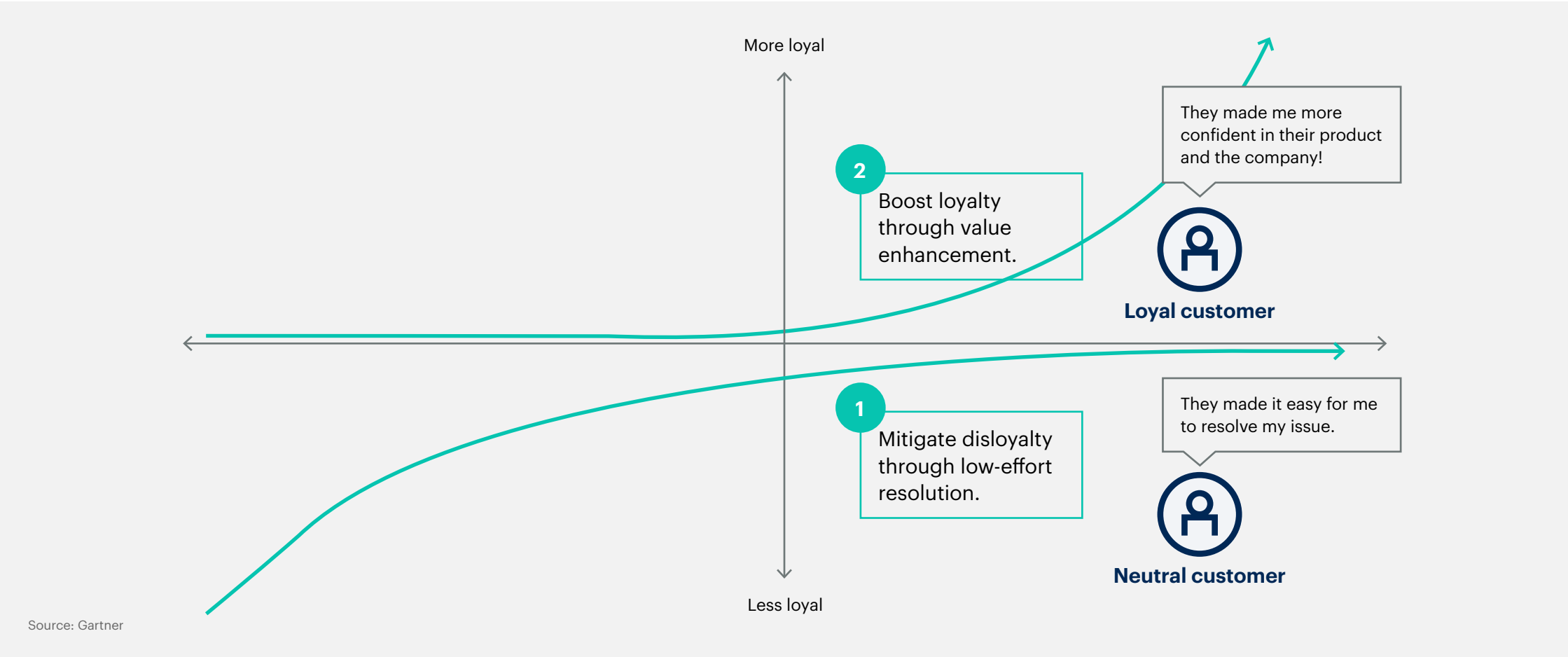
Three value-enhancing activities

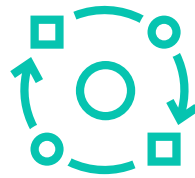**Our research reveals three key ways to drive value enhancement during service interactions:**

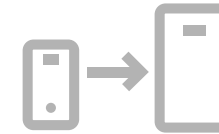**Validate customer purchase decisions.** Reassure the customer that their purchase decision was a smart one.

Educate customers on better uses. Rather than focusing on how customers have been using the product incorrectly, teach them how best to use it.

Advise customers on new uses. Introduce the customer to newly introduced or untapped product features.

Commercial activities such as cross-selling, upselling and give-backs have **no impact** on value enhancement.

If customers receive value enhancement during a service interaction, then their likelihood of repurchase, increased spend and speaking positively about the company dramatically increases.

86% likelihood of repurchase or renewal

75% likelihood of increasing wallet share

86% likelihood of sharing positive word of mouth

n = 6,004
Source: Gartner Loyalty Through the Customer Service and Support Survey

How to operationalize value enhancement

Focus on customer context
Understand that context is key to ensuring that recommendations feel relevant

1. **Define what value enhancement looks like in your organization**
Clearly delineate between commercial activities and value-enhancing activities. Understand that how you deliver value enhancement is immensely more impactful than what you do. Listen/look for interactions where value enhancement is delivered in context in order to create a model for "what good looks like" at your own organization.

2. **Audit data sources and technology for initial use cases**
Focus on how data and technology can support delivering value enhancement that matches customer context. Start where high-quality data already exists — in terms of its accuracy and how quickly that data is updated and processed.

Deliver value
Upskill frontline resources and adjust self-service resources to focus on responding to customer context

3. **Focus reps on key value enhancement opportunities**
To start, identify a limited set of opportunities and customer data points for reps to respond to, allowing them to grow more comfortable with delivering value in context.

4. **Develop discretionary judgment**
Train reps to recognize and respond to both good and bad opportunities for value enhancement.

5. **Deliver value through self-service**
Develop value enhancement opportunities in self-service by focusing on three key actions: Don't disrupt resolution, align to the customer issue and state the benefit to the customer.

Look beyond interactions
Channel data and feedback outside of service to improve the product

6. **Collect data and feedback for product owners**
The service organization can be a valuable source of data about how the product is deficient in the eyes of customers (particularly for new products and new customers). But it must develop a process for collecting and communicating that data to product owners in a way they can use.

7. **Establish regular communications**
Establishing a partnership with stakeholders outside of service will help create a more seamless overall customer experience. Service can serve as an early-warning mechanism for product issues, and other stakeholders can keep the service organization apprised of changes or updates that could drive contacts to service.

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