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Need To Cut Costs? Improve The Web Site Experience

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EXECUTIVE SUMMARY

When the economy is in trouble, most executives start looking for ways to cut costs from their budgets. Customer experience professionals should take advantage of this situation and promote improving Web usability as a key way to eliminate unnecessary sales and service costs by shifting customers from more expensive channels to the Web site. Forrester built a simple model of the cost savings from Web usability improvements for both purchases and service inquiries. These models show that shifting even a small number of calls and emails to the Web site can lead to significant ROI. To understand the potential savings for your organization, use the modifiable version of this model to estimate the potential ROI of improving your site's usability.

BETTER WEB SITE USABILITY LOWERS CONTACT CENTER EXPENSES

When the economy is in trouble, most executives start looking for ways to cut costs from their budgets. Customer experience professionals should take advantage of this situation and promote improving Web usability as a key tactic for eliminating unnecessary sales and service costs. Our research shows that better Web site usability leads to:

- **Fewer calls about products.** One of the primary drivers of calls to the Land's End call center used to be questions about product sizing and fit. By adding essential content about these two factors to its site, the company was able to reduce its call volume by 20%.
- **Fewer calls about the site.** While some users call the contact center with product questions, others call because of problems with the Web site itself. Companies can eliminate many of these calls by fixing the issues that drive them. For example, Wachovia reduced call center complaints by improving the reliability, speed, and performance of its Web site.¹
- **Shorter calls for complex issues.** Some questions are so complicated that they can't be answered entirely online. Firms may not be able to shift complex calls entirely, but many have reduced average call length by enabling customers to complete some portion of their goal on the site before picking up the phone for agent help. For example, Disney's wedding Wish Book enables users to configure a wedding package and then click a button to share and discuss it with a customer service representative.² If it weren't for this application, customers would likely be on the phone much longer describing the options that interest them most.



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Use Simple Models To Quantify The Potential For Savings

To get the funding required to achieve these cost savings, customer experience professionals should use simple models to show executives how big the ROI could be (see Figure 1). Populate the models with current contact center volumes and cost per contact — information that the contact center team should already have. Not sure how much calls or emails will go down? Estimate based on how far past projects have moved the same needle. If that data isn't available, use the high and low ranges of improvement that Forrester has seen other firms realize in this area (see Figure 2). Other factors that affect where you'll end up on the ROI continuum include:

- **Volume.** The first secret of customer experience ROI is that a small change to a big number is still a big number. For large firms even a 1% to 2% change in call volumes can translate into a huge number of actual calls and thus a very large cost savings.
- **Cost difference between channels.** Even when the volume of calls or emails shifted to the Web site is low, the difference in cost between the Web and contact center can still lead to significant savings. While our research shows that average call center costs are \$5.50 per call, we've seen that numbers go as high as \$50 per contact. In contrast, a conservative estimate of the average cost per Web self-service transaction is \$0.10. If your call center costs are that high, deflecting even 10,000 calls can produce almost \$500,000 savings annually (see Figure 3).
- **Starting point.** The second secret of customer experience ROI is that the more broken the site experience, the greater the opportunity to improve it. Sites that see a triple digit increase in key business metrics often do so because they started with multiple serious usability problems.³ Expert reviews provide a relatively quick, low-cost way to evaluate the user experience offered by a site.⁴ This approach finds the types of known usability flaws that cause visitors to abandon the Web for higher cost channels. While a low score on a Web site review may not sound like good news, it signals a strong likelihood that the decrease in call volume from usability improvements will be significant.

Figure 1 A Simple Model Of Cost Savings Generated By Shifting Calls And Emails To The Web Site

 To estimate the ROI from changes to your own Web site, download the modifiable version of this model by clicking the "Excel spreadsheet" link below this figure. Simply click on the "Calculate your own ROI" worksheet in that spreadsheet and follow the instructions to get a customized ROI estimate.

Assumptions:

Cost per phone order	\$5.50
Cost per Web order	\$0.01
Cost per service call	\$5.50
Cost per service email	\$5.00
Cost per Web service transaction	\$0.10
Project cost	\$500,000.00

Lower cost of sales	Calculation	Value
Phone orders per year		350,000
Estimated percentage of shifted phone orders		1%
Shifted phone orders per year	350,000 * 1%	3,500
Cost savings per shifted order	\$5.50 – \$0.01	\$5.49
Total savings from shifted orders (S1)	3,500 * \$5.49	\$19,215

Lower cost of service	Calculation	Value
Service calls per year		7,000,000
Estimated percentage of shifted service calls		5%
Shifted service calls per year	7,000,000 * 5%	350,000
Cost savings per shifted call	\$5.50 – \$0.10	\$5.40
Total savings from shifted service calls (S2)	350,000 * \$5.40	\$1,890,000

Service emails per year		1,000,000
Estimated percentage of shifted service emails		5%
Shifted service emails per year	1,000,000 * 5%	50,000
Cost savings per shifted email	\$5.00 – \$0.10	\$4.90
Total savings from shifted service emails (S3)	50,000 * \$4.90	\$245,000

Total cost savings (TS)	S1 + S2 + S3	\$2,154,215
Project cost (C)		\$500,000
Net benefit (NB)	TS – C	\$1,654,215
ROI	Net benefit/cost	331%

Figure 2 Range Of Actual Improvement In Contact Center Volume As A Result Of Site Changes

	Industry	Low improvement	High improvement
Phone orders	Retail	-1%	-2%
Customer service calls	Retail	-10%	-25%
	Manufacturing	-10%	-20%
	Financial services	-5%	-10%

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Source: Forrester Research, Inc.

Figure 3 Major Differences In Cost Per Channel Amplify The Impact Of Shifting Calls And Emails

Total savings = shifted calls x (cost per service call – cost per Web service transaction)

Lower cost per call	Higher cost per call
Total savings = 10,000 x (\$5 – \$0.10) = \$49,000	Total savings = 10,000 x (\$50 – \$0.10) = \$499,000

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Source: Forrester Research, Inc.

RECOMMENDATIONS

MAXIMIZE ROI WITH SIMPLE CHANGES THAT PRODUCE BIG PAYOFFS

While it's true that better Web site usability can produce big cost savings, a major Web site overhaul may be more difficult to sell when times are tight.⁵ Luckily, there are many changes that don't cost much but that can still make a big dent in call and email volumes.⁶ To get the most for your money:

- **Fix technical problems.** When a site is down or not functioning properly due to software bugs, customers have no choice but to use more expensive channels. Use data from call center logs, Web analytics systems, performance monitoring services like Gomez and Keynote, and platforms like TeaLeaf to pinpoint technical issues that might be driving customers to make that call. Create a plan to fix those issues that occur most often or are easiest — and thus least costly — to correct.
- **Focus on the most popular user goals.** A 2006 study of US leisure travelers showed that 37% contact the call center after using a Web site to get more precise details about their trip, while only 11% call to request an upgrade.⁷ Customer experience professionals at travel firms serving these customers will likely see more ROI from surfacing trip details than projects that make upgrades easier. The popularity of user goals will vary by industry — and even by

company — so use your own call center and email data to determine which questions and issues are most common among your target audience.

- **Match channel capabilities to customer goals.** Even the best-designed Web sites have limitations that make them inappropriate for supporting some types of customer goals. Site owners need to fight demands to shift everything to the Web and instead focus on improving the path to key user goals that the Web site is best-equipped to handle. For example, Wells Fargo offers contextual contact information for chat, email, and phone numbers throughout its Web site so that people who are shopping for a home equity loan can transition to an expert when they need the kind of guidance that's beyond the capabilities of the site.⁸ The result is an experience that balances cost savings and experience quality without forcing customers to accept a subpar experience in the name of efficiency.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 1 is an interactive tool to help clients model the ROI of improvements to Web site usability. Site owners should download this spreadsheet and use it to run “what if” scenarios based on best, worst, and expected case reduction in call center volumes.

ENDNOTES

- ¹ Source: Gomez (http://www.gomez.com/pdfs/cs_wachovia.pdf)
- ² This cross-channel approach has also driven a 200% increase in generated leads. See the September 1, 2006, “[Rich Internet Applications: Why And How](#)” report.
- ³ Forrester recently collected data about the actual results of more than 60 Web site improvement projects. Of the 100 data points we collected, only 9% represented triple digit change. Most were modest improvements of 25% or less. See the October 10, 2008 “[How Much Will Your Web Site Metrics Improve?](#)” report.
- ⁴ An expert evaluation — also known as a heuristic evaluation or scenario review — is a methodology that was originally developed by Rolf Molich and Jakob Nielsen as a lower-cost alternative to lab-based usability techniques. Forrester’s Web Site Review methodology is an example of this approach. Trained analysts evaluate the site by attempting to complete a defined set of user goals, while looking for compliance against known usability heuristics in four categories: value, navigation, presentation, and trust. See the September 5, 2008 “[Executive Q&A: Web Site Reviews](#)” report.
- ⁵ Many firms have succeeded in getting funding for major Web site improvements despite a tough financial situation. The best approach appeals to funding decision-makers on three levels: authority, logic, and emotion. See the June 17, 2008, “[How To Get Funding For Web Site Improvements](#)” report.
- ⁶ To help customer experience professionals thrive in tough economic times, Forrester recently identified eight Web site changes that don’t cost much to make, but produce big results. Several of these include

fixes to well-known usability problems, like inefficient task flows and confusing navigation menus. See the August 27, 2008, “[Small Web Site Investments That Pay Off](#)” report and see the October 10, 2008, “[Fixing Known Usability Problems Pays Off](#)” report.

- ⁷ In 2005, 36% of US leisure Bookers who purchased airline tickets, hotel stays, or car rentals online called customer service during or after their online purchase. See the May 2, 2006, “[Travel’s Call Center Blues](#)” report.
- ⁸ Companies want to differentiate products and services by improving customer experience. They also want to cut costs by shifting more customers from human-assisted channels to self-service channels like Web sites and phone self-service systems. Their dilemma: Even the best-designed automated systems have weaknesses that make them inappropriate for supporting many types of customer goals. To deliver effective customer experiences across a portfolio of channels, firms should document their customers’ current behaviors with cross-channel scenario maps, and make the most appropriate touchpoints available at each step of the user’s journey. See the October 12, 2006, “[Match Channel Capabilities To Customer Goals](#)” report.