



# Customer experience tolerance

How to use  
it to improve  
the customer  
experience

Address friction and anticipate  
needs to ensure an exceptional  
customer experience.

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# Introduction

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A bad customer experience is bad for business. Whether you're an organization that proactively crafts and hones your customer experience or one that responds to falling customer satisfaction numbers, making a plan with the intention to deliver a positive customer experience is key. To make that plan, you need to know what your customer faces each moment of their interaction with your organization. But too often, the opposite happens, with companies looking at these experiences from a conversion standpoint or some other company-centered perspective.



For too long, organizations haven't had a good pulse on the level of effort expected from prospects, clients, and customers. Why are we asking them to work so hard to learn about our products, convert from a user to a customer, then reach out to get the support they need after the sale? That needs to change. Instead of a "what's in it for me" focus, it's time to consider a new question. We should ask ourselves: "What friction, frustration, or issues do my customers tolerate when interacting with my organization?" The opportunity to remove friction, barriers, and frustrations is ours for the taking.

## Customer compromise

Unless you lead a company focused on call centers, considering a customer's tolerance (or willingness to compromise their expectations) in an encounter with your company doesn't tend to jump to mind when evaluating how to improve the customer experience. But perhaps we have something to learn from the industries who focus on the idea of evaluating customer tolerance.

Tom Freston, former Viacom CEO, advises that "Innovation is taking two ideas that already exist and putting them together in a new way." Perhaps by taking a closer look at customer tolerance levels, or the need for your customers to compromise their expectations, you can see things from the customers' perspective.

In this white paper, we explore customer tolerance, how the fundamentals of customer needs apply, and how to mitigate the need for tolerance to exceed customer expectations.

# What is customer tolerance?

The idea of tolerance in a business setting originates from the manufacturing and engineering industries. In that context, the understanding is that there's variation in the production process that doesn't impact the functionality of a widget. If the variation exceeds the tolerance, you reject it. **Pacific Research Laboratories'** engineering department weighed in on the value of tolerance at a medical education product development and design company: "When you appreciate the vital role that tolerances play in the manufacturing process, you'll design higher-quality products and make fewer costly manufacturing mistakes."

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- Engineering department, Pacific Research Laboratories

## Beyond the manufacturing process

As technology and business evolved and organizations formed call centers, contact centers, which study people's behavior and the impact of seasonality on business, became increasingly crucial. Stakeholders charged with optimizing contact centers began analyzing their customer data and identifying the psychology of lines and queues. Thus, the birth of the **queuing theory**. The idea behind queuing theory, the branch of mathematics related to statistics that helps organizations predict how lines form, is that contact centers can aid organizations in understanding what a customer will tolerate when waiting in a queue.



### What is queuing theory?

"Unlike simulation methodologies, queueing models require very little data and result in relatively simple formulae for predicting various performance measures, such as mean delay or probability of waiting more than a given amount of time before being served. This means that they are easier and cheaper to develop and use. In addition, since they are extremely fast to run, they provide a simple way to perform "what-if" analyses, identify trade-offs, and find attractive solutions rather than just estimating performance for a given scenario."

**Linda Green**

Graduate School of Business, Columbia University

[Learn more about Queuing Theory and Modeling](#)

# Customer tolerance and customer experience

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If the benefit of understanding tolerance in a manufacturing space means better designed customer experience and fewer organizational errors, there's no reason why we can't apply this to the customer experience in other spaces. When organizations design higher-quality customer experiences and make fewer mistakes, we save money first, then make money.

Holistic business strategies dictate that no matter what part of the business you're in, you're in the business of delighting the customer. To that end, product people need to design better products, marketers need to deliver better messages, IT people need to create better infrastructure, developers need to support this better with bug-free code and efficient processes, and contact centers need to strive to be better by fine-tuning performance. By extension, any technology you choose needs to support this holistic strategy of removing friction and reducing the need for customers to tolerate negative customer experiences.

To improve the customer experience across the organization, we need to invest in understanding the elements of tolerance, customer expectations, and overarching behavioral arcs and use that information to proactively manage their experiences.

# Elements of customer tolerance

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Each decision that a consumer makes in an exchange with your organization is dependent on a few key things. Brad Cleveland, author of "Leading the Customer Experience: How to Chart a Course and Deliver Outstanding Results," shared the elements of customer tolerance in a recent

## ICMI article:

- **Degree of motivation:** How important is something to the customer?
- **Availability of substitutes:** Are there self-help options available to get something resolved?
- **Competitor's service levels:** Can the customer find better service somewhere else? Are there internal and external competition (consider loss, data loss, and revenue loss)?
- **Level of expectations:** Does your reputation complicate their expectations (bad or good)? Is seasonality a factor?
- **Time available:** How has time impacted your customers?

→ **Cost:** Is the customer experience free, or does it require payment for the privilege of a subpar experience?

Based on this, how does an organization predict which elements might adversely affect its ability to meet customer expectations? Learning to forecast can take the mystery out of understanding underlying patterns.

## Forecasting customer tolerance issues

We all have data. That part is easy. But how do we leverage that data to understand what's happening with our prospects and customers? The key to effective forecasting is recognizing and understanding underlying patterns within the data. By analyzing historical data and identifying recurring trends, organizations can gain valuable insights into future customer behaviors and market dynamics. This analysis can help organizations make informed decisions and assist in developing strategies that align with customer expectations.

Whether you leverage data scientists or a technology solution that helps identify patterns, accurate forecasting is only as good as the data available, making it essential to remove anomalies or outliers from the data set. Anomalies can distort the accuracy of predictions and hinder the identification of meaningful patterns. By filtering out these anomalies, organizations can refine forecasts and make more reliable projections for future customer needs and market trends.

With the forecasting analysis complete and insights gathered, then it's crucial to implement changes across employees, processes, and technology. This holistic, data-driven approach ensures the organization can adapt and respond effectively to forecasted trends at the three most crucial levels. Upgrading employee's skills, optimizing processes, and leveraging appropriate technologies will enable the organization to align with future customer needs and deliver an enhanced customer experience reflective of their needs.

## Managing customer expectations

The presence of a queue plays a significant role in customer tolerance. First and foremost, when customers can see a clear and organized queue, it provides them with a sense of transparency and fairness in the service delivery process. A queue can also help customers understand their progress and estimated wait times, managing their expectations and reducing frustration. This allows them to make informed decisions about their time and choose whether to wait for assistance or leave to explore other options. Moreover, a queue enables organizations to demonstrate a commitment to efficiency and customer service, fostering trust and loyalty.

# How well are you able to **manage** your customers' tolerance?

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Although we previously defined tolerance in a business context, there's something revealing about the word tolerance. Tolerance, by definition, is the capacity to endure pain or hardship or the act of allowing something. Pain is at the core of tolerance. That implies that failing to confirm someone's belief or meet their expectations can cause pain and lower their tolerance for the discrepancy. Bringing this back to a business context: while making trade-offs to ensure profitability and procedural efficiency, businesses also need to create a low tolerance threshold to ensure a positive customer experience.



When you can evaluate a customer's expectation and understand the need they want to meet while interacting with your organization, we are better prepared to meet that expectation. Then, two things happen. The intention to meet the need increases the margin for grace from the person interacting with your brand, and we can actively manage the tolerance.

According to the [Harvard Business School Online's Business Insights blog](#), there are three main types of customer needs that require addressing when thinking about tolerance: functional, social, and emotional. Let's explore each.

## Functional needs

Functional needs are the most tangible and obvious of the three main types of customer needs. Customers typically evaluate potential solutions based on whether each will help them achieve a particular task or function. The product or service that best addresses their functional need is likely to be the one they purchase or hire.

Considering the functional needs of customers is critical to building better training for employees, processes for employees to follow, and technology choices for employees to use. When organizations understand customers' functional needs, it enables the design and implementation of training programs that prioritize the skills and knowledge necessary to address those needs. This approach ensures employees are well-equipped to help customers achieve their desired outcomes, leading to increased customer satisfaction and loyalty.

Moreover, understanding functional needs allows organizations to develop and streamline processes to ensure customer needs are met efficiently and effectively. By mapping out customer journeys and identifying pain points related to functional needs, organizations can improve processes and reduce friction for customers, making it easier for them to achieve their desired outcomes.

Finally, organizations need to identify the features and functionalities that customers require to achieve their desired outcomes and choose technology solutions that support those needs. Whether providing self-service options or implementing chatbots that can quickly answer functional questions, organizations that prioritize functional needs in technology choices will create a more positive customer experience because they can achieve their desired outcomes.

## Social needs

Social needs are customer needs that relate to how a person wants others to perceive them when using a product or service. While social needs aren't typically a customer's primary concern when considering a purchase, these can influence their final decision.

For organizations, this means incorporating aspects that focus on developing interpersonal skills in employee training. Training programs should emphasize empathy, active listening, and effective communication techniques to help employees understand and cater to customers' social needs. By equipping employees with the ability to connect with customers on a social level, organizations can create a more personalized and engaging experience.

In terms of processes, considering social needs requires organizations to adopt a customer-centric approach. These processes should prioritize customer interactions and create opportunities for positive social experiences. This might involve implementing feedback mechanisms to gather insights on social needs, integrating social elements into service delivery, and empowering employees to go above and beyond to meet customers' social expectations.

Additionally, technology choices should align with customers' social needs. Organizations can leverage technology to enhance social interactions, such as incorporating social media or creating online communities where customers can connect and engage with each other (and your organization). Technology solutions that enable personalized and social experiences can significantly impact customers' perceptions of a brand, influence their decision-making process, and create an environment where they feel valued, connected, and satisfied.





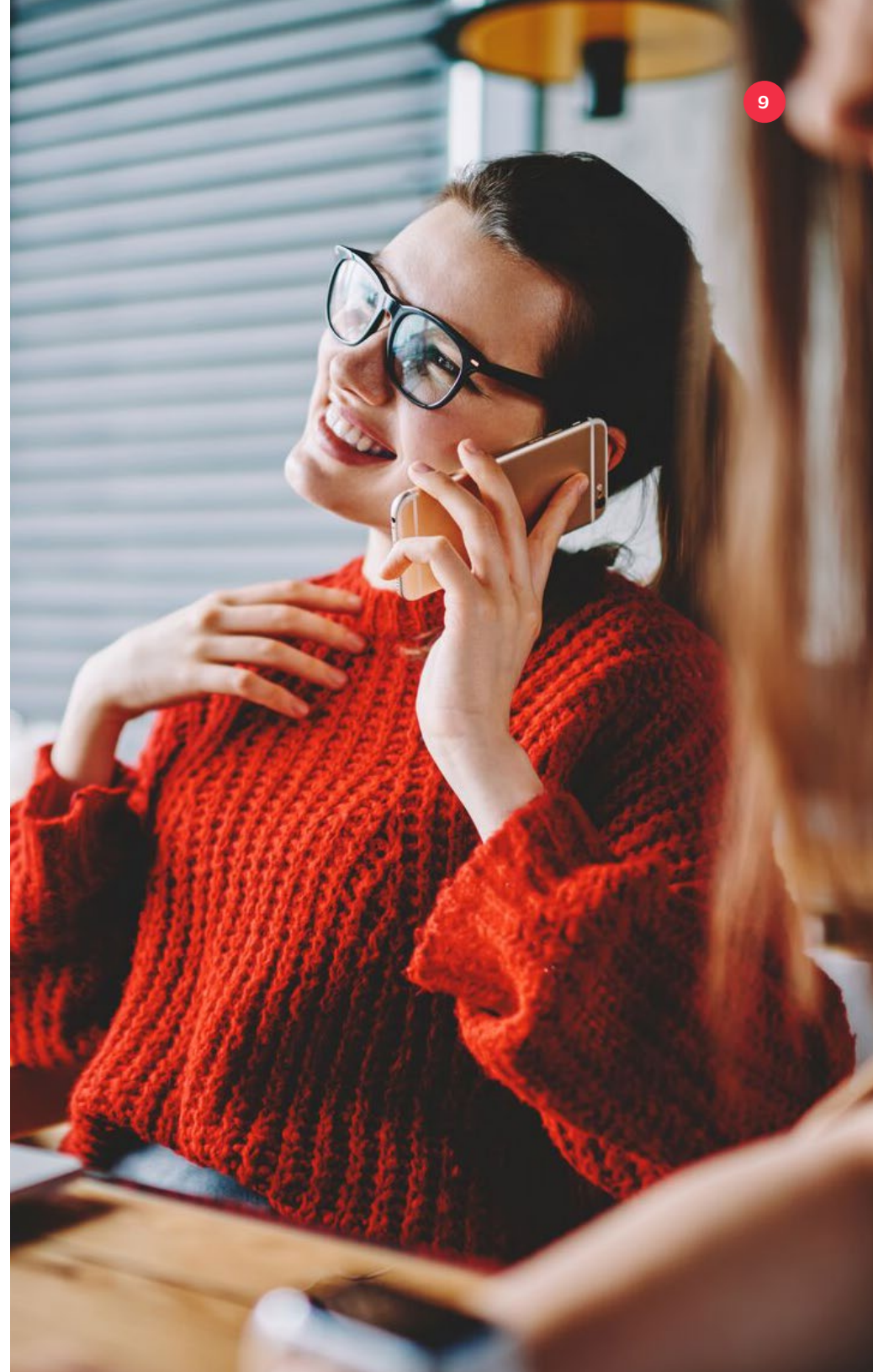
## Emotional needs

Emotional needs refer to how a customer wants to feel.

When training employees, organizations need to focus on developing their emotional intelligence and empathy for customers. These training programs should emphasize the ability to recognize and understand customers' emotions, in addition to effective techniques for managing and responding to those emotions. By equipping employees with the skills to empathize and connect with customers on an emotional level, organizations can create meaningful interactions that leave a lasting positive impression.

In terms of processes, organizations need to design workflows that prioritize emotional engagement. This involves understanding the customer journey and identifying touchpoints where emotional needs are most prominent. By incorporating processes that aim to evoke positive emotions and reduce negative ones, organizations can enhance customer satisfaction and build long-term loyalty. This may include implementing personalization efforts, proactive communication, and feedback loops to continuously improve emotional connections with customers.

Moreover, technology choices should facilitate emotional engagement and create seamless experiences for customers. This can involve implementing personalized messaging, integrating sentiment analysis tools to gauge customer emotions, or using AI-powered systems to provide empathetic and responsive interactions. By leveraging technology to acknowledge and address customers' emotional needs, organizations can foster positive emotions, strengthen customer relationships, and differentiate themselves in the market.



# What tools do you need to anticipate customer needs?

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Some people believe that to earn customer tolerance, you must have loyalty. How do you build loyalty? You anticipate needs. To anticipate needs, you need to ensure your platforms help rather than hinder your service delivery process. By understanding a customer's behavior at all stages of the funnel, including post-purchase, you have the ability to access and activate data insights that identify patterns that enable you to provide the experience your customers (and prospects) expect.

And as customers increasingly expect tailored, personalized experiences, responding to those customers' requests and competing against the best means organizations need to pay attention to this call to action and focus on making personalization a core element of the customer experience.

## The power of personalization

Understanding customer tolerance is crucial for determining the level of personalization customers will accept from a company before losing interest or unsubscribing. But organizations can't design personalized experiences tailored to customers and move beyond generic interactions with inadequate technology and bad data, risking falling behind.

Let's talk about the data. The most prominent reason good data matters is that accurate data can reduce friction.

When personalization centers on reliable first-party or trusted data, organizations can significantly enhance the customer experience, thanks to insights gained directly from the customers. **Customer data platforms (CDPs)** and **AI tools** can help ensure data accuracy and fuel informed decision-making.

But how do we balance the desire to incorporate AI and machine learning in delivering personalized experiences while managing expectations? While these technologies offer powerful tools, overpromising and misusing them can lead to disruptions and loss of trust. Instead, businesses should strive for transparency and responsible data usage when building and maintaining customer trust. This way businesses recognize the potential of AI and machine learning in enhancing customer experiences while emphasizing the importance of being honest, clear, and adaptable to evolving customer expectations.

# How does personalization apply throughout the customer journey?

When done right, personalization is ever present throughout the various stages of the **customer journey**, enhancing the overall customer experience. Here are some ways organizations can apply personalization throughout the customer journey:

- **Pre-purchase stage:** Personalization can begin before a customer makes a purchase. By understanding individual customer preferences and browsing behaviors, organizations can personalize website experiences, recommend relevant products or services, and provide tailored content. This helps customers navigate the purchasing process more efficiently and find what they need.
- **Purchase stage:** Personalization can streamline the purchase process. To facilitate this, organizations offer tailored pricing or promotions based on customer history or loyalty status. Customized checkout experiences, such as saved payment information and personalized product recommendations, can also simplify and enhance the purchase journey.

- **Post-purchase stage:** Personalization can continue after the purchase to foster customer loyalty and advocacy. This includes organizations sending personalized order confirmations, shipping updates, and post-purchase recommendations based on the customer's purchase history. Tailored follow-up communications, surveys, and targeted cross-selling or upselling offers can further engage customers and encourage repeat business.
- **Customer support stage:** Personalization can play a crucial role in customer support by leveraging customer data and preferences to offer personalized support interactions. This includes recognizing customers by name, understanding their purchase history or previous support interactions, and tailoring support recommendations or solutions. Personalized self-service options, such as targeted FAQs or knowledge bases, can also empower customers to find answers independently.
- **Loyalty and advocacy stage:** Personalization can deepen customer loyalty and encourage advocacy through personalized loyalty programs that offer tailored rewards based on individual preferences or purchase behavior. Organizations can also provide exclusive content, early access to new products or services, and personalized referral programs.

# Conclusion

**In conclusion, managing customer tolerance is essential for organizations seeking to improve the customer experience and prevent customer attrition. Different organizations operate at various levels of maturity in their ability to address customer tolerance management effectively. While some have a clear understanding of the service they want to provide and possess aligned processes, technology, and trained employees, others are still exploring and evaluating their service levels or working towards gaining organizational buy-in.**

Regardless of their current position, organizations need to prioritize understanding customer tolerance, anticipate their needs, and strive for personalized experiences throughout the customer journey. By investing in training, technology, and data analysis, organizations can enhance customer satisfaction, build loyalty, and ultimately achieve business success.

## What's next?

You've got some good information. Now what? Pick the right path for you:

### Take the quiz

If you haven't already, take the maturity quiz. See where you fall on the spectrum of customer tolerance readiness!

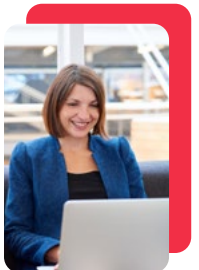
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