



What madmen can teach us about **generating value** from customer feedback

Introduction

Devotees of the hit US TV series 'Mad Men' will have heard passing references to the legendary US advertising agency Doyle Dane Bernbach. In 1999, 17 years after his death, its founder, Bill Bernbach was nominated by Advertising Age as the most influential adman of the 20th century. Bernbach's legacy was a new way of talking to customers. His view that advertising should use colloquial language and persuasion was as disruptive in its time as social media is today. He understood the importance of engaging with customers on their terms and driving action out of insight:

"We are so busy measuring public opinion that we forget we can mould it. We are so busy listening to statistics that we forget we can create them."

A timely reminder to anyone in the field of customer feedback that their role is not just to record, analyse and interpret data; it is to use the insight they glean to influence, guide and direct the way in which the brand they work for interacts with its customers, encouraging their loyalty and advocacy.

In this white paper we explore concepts developed initially by advertising agencies but which are equally applicable to today's world where customer experience has, in some instances, taken over from marketing as a key strategy for brands. In particular we'll look at how:

- Customer experience has become crucial to business success
- Action can be better than analysis
- A core ideology is essential to a positive customer experience
- The role of a strong leader impacts your CX programme
- Happy staff equal happy customers – the essential contribution of employees in customer experience
- Customer-centricity should drive your CX programme at every step

ABOUT

Thomas Cowper Johnson began his career in the research team of the London office of ad agency Doyle Dane Bernbach. After 14 years on the agency side of the fence he joined Norwich Union (now Aviva) where he established and ran their brand marketing team. He has since advised UK companies on their brand and customer strategies and is an Insight Director at Davies.

Davies is the leading solution for post-transaction IVR, SMS, Web and Email surveys in the UK, capturing immediate and actionable 'Voice of the Customer' feedback. Davies is used by many of Britain's leading businesses to: gather objective feedback metrics that are used to manage and reward call agent performance; track and benchmark KPIs such as Customer Effort, NPS and Customer Satisfaction at key points on the customer journey in order to improve the customer experience; re-engage in real time with disenchanted customers to improve brand advocacy and reduce complaints; fulfil regulatory and compliance obligations.



A short history - How customer experience has overtaken product differentiation to drive business success

Nowadays it's a given that good customer experience is vital to business success.

The latest report on the state of customer satisfaction in the UK (published biannually by the Institute of Customer Service) confirms that "organisations with higher satisfaction benefit from greater levels of trust, recommendation and intention to remain a customer".

But customer experience has not always been recognised as a key ingredient for success. Henry Ford ("It's not the employer who pays the wages. Employers only handle the money. It is the customer who pays the wages") appeared to be focused on customer experience but he realised it through the creation of a differentiated product – a car that was easy to use, reliable and within reach of household budgets. Ford set a pattern for business that drove brands to focus on creating unique products rather than unique experiences.

The 'Unique Selling Proposition'

Not until the 1960s when US adman Rosser Reeves described the concept of a Unique Selling Proposition (USP) did brand owners start to acknowledge that differentiation could be achieved not just in what the product offered but in the benefits it created for its users. This gave rise to the awareness that brands needed to position themselves in a way that set them apart in the eyes of their customers. Bernbach and his team were past masters at this, creating clearly differentiated propositions for brands such as VW, Alka-Seltzer and Avis (who made a virtue out of being number two in a market where coming first was everything).

Customer experience overtakes product as key differentiator

Towards the end of the 20th century globalised manufacturing processes, speed of

bringing products to market and the internet marketplace meant that genuine product differentiation became increasingly difficult to achieve. Dyson may have invented and patented the bagless vacuum cleaner but you can now buy a similar product from over a dozen different manufacturers. So Dyson has turned its focus to providing first class customer experience and product support in order to retain their market edge. Similarly Apple have created an in-store customer experience that is second-to-none in order to reinforce a sense of product superiority.

Brands have been driven to identify ways in which they can encourage loyalty by developing the relationship they have with their customers. Focusing on delivering personalised service First Direct and Amazon (despite their lack of any face to face contact), John Lewis and Nationwide regularly top polls for customer satisfaction. Virgin has developed a uniquely transferable brand (airlines, financial services, wine, trains, telecoms and space travel) on the back of a laser-sharp focus on "an experience that's 100% human, treating customers with respect and speaking from the heart, not from a script."



Quality experience delivers business success

A positive customer experience translates into business success. It creates loyal customers and happier employees, who generate more business and less churn, which improves the bottom line and increases shareholder value. Brands that build a unique customer experience do so on 5 core principles: doing rather than analysing; having a shared vision of what they want to achieve; leaders who 'walk the talk'; employees who have bought into the vision and recognise that they can represent the 'moment of truth' that shapes perception of the brand; a customer experience that is customer-centric (sounds obvious but isn't always the case).in the experiences the brand has to offer and the quality of service they provide for their customers.

Why action is better than analysis when it comes to customer experience.

Over the past decade technology has transformed the ability of companies to gather feedback from their customers. Research agencies used to deliver focus groups (of 6 to 8 people), consumer panels (of hundreds) and Usage and Attitude or Omnibus surveys (with a couple of thousand respondents). Now there are real-time post-transactional surveys via IVR, SMS, mail or web which can gather feedback from tens of thousands of customers in a month. Once research teams spent weeks to analyse data, more weeks to devise strategies and months to implement solutions. Now insight and operational teams are being asked to extract insight and implement improvement programmes in weeks; and front-line staff are able to trigger customer recovery programmes within minutes of feedback being left. The landscape has shifted irrevocably.



Nate Silver, the pundit who accurately predicted the results of every single state in the 2012 US election, describes in his book, ‘The Signal and the Noise’, the 2.5 quintillion bytes of data each day from which we can make predictions. (The signal is the truth. The noise is what distracts us from the truth). But even with all this volume of data he believes:

“We can never make perfectly objective predictions. They will always be tainted by our subjective point of view.”

No matter how carefully data is analysed our ability to predict accurately the impact of changes in service delivery on customer behaviour will always be subject to our own hopes and expectations. It is human nature to devise a theory and then ‘read’ data in such a way that favours what your gut feel tells you.

You can’t predict how customers will be feeling

It’s also true that what one customer sees as excellent service another could see as merely average. Even the same customer can react differently depending on which side of bed they got out of that morning. As can your employees. Models of how customer service modifications impact on customer experience feedback can only ever be theoretical. You’ll only really find out what’s going to happen when you press the ‘go’ button.

No matter how much data you analyse, no matter how elaborate your statistical correlations and regression analyses customers are not machines to be manipulated by twiddling a series of service input dials. Service is still primarily an exchange between two humans (even when the human is automated as an IVR solution) and is subject to the foibles of human interaction.

Individuals not equations

You make your employees better at delivering service by giving them a framework of guidelines within which they can build a relationship on their own terms (rather than following a script); by letting them learn on the job; by doing rather than discussing what to do. You make your customers happier by treating them as individuals rather than types; by tailoring service to their needs; by delivering a brilliant customer experience rather than hypothesizing what makes it so.

Why a core ideology is essential to creating first class customer experience.

In 1994 Jim Collins and Jerry Porras published the first edition of their seminal work, "Built to Last". Its main premise was that great companies are differentiated from merely good companies by the fact that they are guided by a core ideology—core values and a sense of purpose which goes beyond just making money.

Collins and Porras based their work on 6 years of research, studying companies like Hewlett-Packard, 3M, Procter & Gamble, Sony, Disney, Marriott, and Wal-Mart. Of their original list of 18 companies 10 still appear in the annual list of top 100 brands published by Interbrand. And while the fortunes of the eight other brands are less happy (the demise of Motorola was announced recently) the findings still ring true.

3 of the brands that now occupy the top 5 places in Interbrand's top 100 brand list are unlikely to have been on the radar of the two American writers in 1994. These are technology companies - Apple, Google and Microsoft (the other two are IBM and Coca-Cola) whose star has risen with the arrival of the internet. But these too are brands that aim to last. They have a core purpose recognised by customers and employees alike. In a speech to Apple staff Steve Jobs described how:

"marketing is not about touting features and speeds and megabytes or comparing yourself to the other guys, it's about identifying your own story, your own core, and being very, very clear about what you are all about and what you stand for."

It was Jobs who infiltrated every aspect of Apple with a respect for design rather than engineering. Google's aim to 'organise the world's information and make it universally accessible and useful' provides a blueprint for their 40,000 employees in 70 locations across the world. Microsoft's core purpose is "To empower every person and every organization on the planet to achieve more." A sweeping statement but one that clearly states the scale of their ambition.

Shared purpose + shared values = consistent experience

When a brand has a clear sense of what it stands for and what its values are, so do all its employees. There exists a common understanding across the organisation of the behaviours that are expected and of the experience that customers should meet when they encounter the brand. The purpose and values will shape the kind of products that are developed, the way the company markets itself, the type of people it recruits and, crucially, the service it delivers. All the company's strategies will be aligned with the purpose and values.

Nowadays any self-respecting company will have defined its purpose and values. However too seldom does the core purpose become the credo by which the company shapes everything it does; so the impact on customer experience is minimal. There are four key principles that a statement of purpose and values should adhere to:

- **Memorable** – this means being simple and differentiated. Here are the core purpose statements of four of the UK's leading High street banks - 'To be the Best Bank for Customers'; 'helping people fulfil their hopes and dreams and realise their ambitions'; 'to help people achieve their ambitions - in the right way'; 'We're committed to becoming the UK's most helpful bank'. It would be difficult for customers to tell these banks apart. It will be even trickier for employees to interpret these statements in a way they can apply in their day-to-day dealings with customers.
- **Authentic** – Brands that have a story to tell about their origins can go back to their roots to discover purpose and values. The 5,127 prototypes of his bagless vacuum cleaner built by James Dyson are evidence of his commitment to 'invention and improvement'. NFU Mutual's roots as a mutual serving the farming industry shapes their persona. First Direct started life to deliver a branchless banking experience second to none. Brands that have a strong sense of where they come from find this kind of thing easier. The difficulty comes where new brands try to invent a persona. Three titans of the UK insurance industry,

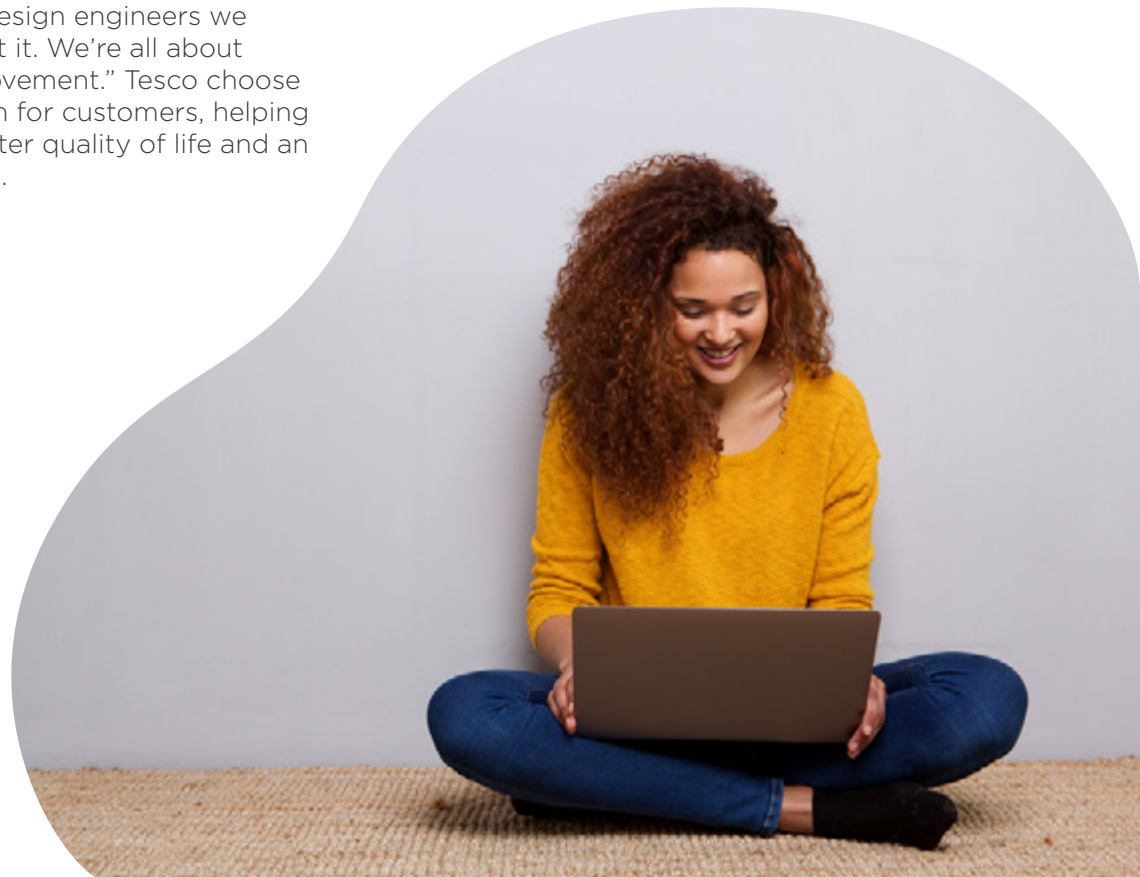
each with its own history (Commercial Union, General Accident, Norwich Union) ended up as the single entity called Aviva. Which of these three once-competing brands should Aviva reflect? And could its hybrid story ever be as authentic as those of its three component brands?

- Inspiring** – too many company statements are anodyne and fail to capture the imagination of employees, let alone customers. David Packard, founder of Hewlett-Packard offered these thoughts to a training group in 1960: “Whereas you might achieve a goal or complete a strategy, you cannot fulfil a purpose; it’s like a guiding star on the horizon—forever pursued but never reached. Yet although purpose itself does not change, it does inspire change. The very fact that purpose can never be fully realized means that an organization can never stop stimulating change and progress.”
- Business-enhancing** – a core ideology must reflect a benefit to the audience you are seeking to engage. Disney strives to “make customers happy”. Dyson bases their ideology on a shared understanding of the customer problem: “Like everyone we get frustrated by products that don’t work properly. As design engineers we do something about it. We’re all about invention and improvement.” Tesco choose “to be the champion for customers, helping them to enjoy a better quality of life and an easier way of living”.

These are all customer focused statements of intent but a core purpose can equally well focus on your employees. John Lewis Partnership’s ultimate purpose is “the happiness of all its members, through their worthwhile and satisfying employment in a successful business.”

“ If you stand for something you will have people for you and people against you. But if you stand for nothing you will have nobody for you and nobody against you.”

Maurice Saatchi



How leadership is essential to a successful customer experience programme.

A defining characteristic of many of the companies that have successfully embedded a core ideology is the influence of a strong leader. These are people who create what Collins and Porras (in 'Built to Last') describe as a 'cult-like culture' – a common understanding of the behaviours required for success that all employees buy into.

Walt Disney offers a fine example of such leadership. Before creating Disneyland the eponymous founder toured county fairs, circuses, carnivals, and national parks to carry out research. One of the things he was most struck by was how litter could destroy the ambience of an attraction. Disneyland was remarkably clean right from the start. And before long, that cleanliness became a permanent and important characteristic. Disney himself spent many days in the park demonstrating hands-on involvement picking up litter. By demonstrating that this menial task was not beneath the man in charge he set an example that is followed to this day. All Disney 'cast members' are required to pick up trash whenever they see it.

Walking the talk

Disney was demonstrating a first rule of leadership – "management by walking around". He did not issue dictats from an ivory tower; he led by example. This is increasingly difficult for leaders of large companies and, accordingly, even more vital. Walking the talk means:

- Meeting staff. Not in a clinical, choreographed, photo-opportunistic way; but standing alongside them experiencing their world, their concerns, their successes.
- Reinforcing the core ideology of the company constantly (1). This means a steady flow of communication in words that all employees can understand (not ghost written by a professional copywriter) and letting staff share in the highs and lows.

- Reinforcing the core ideology of the company constantly (2)..... in the behaviours that the leader exhibits. It's not hard to rumble a leader who only pays lip-service to putting customer first. He is the CEO who has a personal parking space reserved for him by the front door (where the parking space for the disabled or elderly visitor should be). Or the CEO who maintains the shareholder is more important than the customer (without customers there will be no shareholders). I'm with Jack Welch who famously suggested:

"On the face of it, shareholder value is the dumbest idea in the world. Shareholder value is a result, not a strategy..your main constituencies are your employees, your customers and your products."

- Creating strategies that are aligned with the core ideology:

Product strategies that reflect the core purpose – Steve Jobs made design the primary deciding factor for Apple strategy. Given a choice between cost and design, design came first. A choice between efficiency and design? Design won out. This simple mantra has shaped Apple's success for the past three decades. Recruitment strategies that reflect the core values – nearly half of all new First Direct starters are recommended by existing staff and over 95% of all roles are recruited internally.

Remuneration strategies that reflect doing the right thing by the customer – António Horta Osório, CEO of Lloyds bank is driving culture change by rewarding service rather than sales.

Happy staff equal happy customers.

Until quite recently corporate lore held that, of the three primary stakeholders in any business, the shareholder should take precedence over customers and employees. Sir Richard Branson believes that:

“The way you treat your employees is the way they will treat your customers”.

And Herb Kelleher, ex-CEO of SouthWest Airlines, reckoned:

“Your employees come first. And if you treat your employees right, guess what? Your customers come back, and that makes your shareholders happy. Start with employees and the rest follows from that.”

What these enlightened business leaders understood is the beneficial effect of a happy workforce – especially in a service industry where your brand is represented by your people. Happy employees are more likely to deliver a good customer experience and create happy customers; happy customers are more likely to be loyal customers; loyal customers are more valuable to your business (they cost less to acquire and tend to buy more). Happy employees are also more likely to stay in their jobs for longer, getting better at what they do and making customers even happier.

Five steps for successful employee engagement

- **Hire for attitude. Train for skills** – make sure that you hire employees who have the right mind-set. This means being able to live your brand’s core purpose and values. At Southwest Airlines a core value is a ‘Fun-LUVing Attitude’ (LUV is their stock symbol). They consciously seek out people who want to: have fun; don’t take themselves too seriously; enjoy their work; and are passionate team-players. Having found them, they then teach them how to do the job. The pilots do need a bit of experience but for other roles they are happy to recruit from outside the airline industry, refreshing the employee gene pool and regularly topping customer satisfaction charts.
- **Communicate what you expect of employees** – from the outset make sure staff understand what is expected of them. All your employees should know and be reminded regularly of why they come to work. Not at the level of answering the phone or processing forms but the core purpose of their role. On a visit to NASA in the mid 1960’s President Kennedy met a man in overalls and asked him “What do you do here?” to which the man replied, “Earn a living”. JFK met another man in overalls and asked him the same question. “I’m clearing the garbage”. The President met a third man busily sweeping the floor and asked him what he did. With a smile on his face the man replied, “I’m helping to put a man on the Moon Mr President.”
- **Give your staff freedom to express themselves** – individualisation has become a significant theme in customer experience – the recognition that not all customers are the same and that service needs to be personalised as much as possible. The same holds true for employees. The more you constrain their freedom to respond to the circumstances and needs of a particular customer the more you diminish the customer’s experience. Rather than have employees operate from a rigid script, create a framework within which they can take decisions that reflect their personality and the customer’s needs. And, having given them this leeway, back them in the decisions they make. Criticism only undermines confidence.
- **Don’t ask people to do things they don’t want to** – If you’ve recruited someone to respond to service enquiries from your customers, don’t then ask them to turn it into a sales call. Customers don’t like being sold to and front-line staff who are good at resolving service enquiries don’t like being salesmen. People who are proficient at service calls will display behaviours (empathy, listening, responsiveness) that are different to those needed for sales (explaining a benefit, controlling a conversation). Keep the two apart.

- **Keep on asking. Keep on telling** - constant feedback up and down the chain is an essential for employee engagement. On a regular and frequent basis tell your staff: how well they are doing; how well the team is doing; how well the company is doing in delivering its financial targets and moving towards its core purpose. Equally, recognise the value in your staff's 'grass-roots' understanding of what your customers want and how your customers think your business is performing. Ask them what are the big three issues their customers are talking about (and feed the information back into process improvement); ask them how they feel about working for your company; make sure you acknowledge their feedback and let them know what you will do as a result. Regular dialogue is the lifeblood of employee engagement.

In their latest report on Human Capital (based on feedback from 3,300 companies worldwide) Deloitte's state that 'culture and engagement is the most important issue companies face around the world'. They go on to suggest that 'organizations that create a culture defined by meaningful work, deep employee engagement, job and organizational fit, and strong leadership are outperforming their peers.' Engagement is not just a fluffy HR initiative - it's an essential ingredient of business success.

Make sure your customer experience programme has a truly customer-centric approach.

"The customer is not dependent upon us; we are dependent upon him. The customer is not an interruption of our work—he is the purpose of it. The customer is not a rank outsider to our business; he is a part of it. The customer is not a statistic—he is a flesh-and-blood human being equipped with biases, prejudices, emotions, pulse, blood chemistry and possibly a deficiency of certain vitamins. The customer is not someone to argue with or match wits against—he is a person who brings us his

wants; if we have sufficient imagination we will endeavour to handle them profitably to him and to ourselves."

This quote stands out as much for the debate about its attribution (some say it was uttered by Mahatma Gandhi) as for its simple truth. This version, from Kenneth B. Elliott V.P. Sales for the Studebaker Corporation, first appeared in 1941 in "Printers' Ink: A Journal for Advertisers". It is a succinct reminder of how the relationship between customer and company should be and, all too often, isn't.

Putting the customer at the heart of the experience

Customer experience is the perception that your customers have of their interaction with your company. It is NOT what you have decided they need. You may have decided that a maximum wait time of 30 seconds is acceptable - your customer may be happy with as much as 50 seconds or as little as 10. You may have decided that an average handling time of 2 minutes is O.K. for a given process; your customer may be surprised it takes so long. You can't get the experience right 100% of the time but you can get it right more often by opening your organisation up to the voice of the customer. Here are 5 ways you can give your organisation a head start by putting the customer at the heart of your customer experience process.

- **Tear up the organogram** - An organisation structures itself in a way that reflects its resources, locations, history and internal politics. But such structures seldom mirror the way in which the customer touches the organisation. When mapping your customers' journey throw out the organisational chart and begin with the customer view. Focus groups will quickly give you a clear picture of how customers move from contact centre, to website, to email, to social media and back again. You will soon identify the role and influence of third parties, advisers and intermediaries.
- **Each day ask "How are we doing?"** - Continuous real-time feedback is absolutely the best way to find out what your customers are thinking - about your people, your products and your service. In a couple of days you can gather the thoughts of

hundreds, if not thousands of customers – mostly positive, sometimes negative. Capture customer comment through IVR surveys on landline or mobile, email or web surveys, SMS or social media; or a combination of all channels. A simple 6 to 8 question survey will give you a treasure trove of information about what was good and what was bad. When you ask questions use the language that your customers use and make sure your attention is focused on them, not you. A question that asks “Brand X is constantly striving for five star service delivery. Overall how satisfied were you with your experience today?” is at best company centric, at worst leading. Having captured the feedback make sure you do something with it. In particular, analyse the freeform comments from customers; these will give you a blueprint for improving customer experience.

- **Never try to second guess the customer** - There is nothing as unpredictable as a customer. Predictive modelling of behaviour is no substitute for analysing and understanding actual behaviour. A recent example of the dangers of trying to predict what people will do came with Oscars of 2016. On 26th February the BBC ran a story entitled “Can we predict Oscar winners using data analytics alone?” It described how two data analysis companies had crunched lots of data (150 variables, from film genre to box office takings, from review ratings to the percentage of female viewers under 18) to create an algorithm that predicted, with a 64% confidence level, that the Revenant would win an Oscar for Best Film. The actual winner. “Spotlight”, came in joint ‘one-from-last’ place in their predicted list with a 7.2% confidence rating. Pollsters for the 2015 UK election were similarly embarrassed by their forecasts. Your customer has an enormous capacity to confound your best predictions of how they will behave.
- **Close the loop on customer feedback** - Your customer has taken the time and expended effort to praise you or criticise you. It may not be possible to acknowledge every piece of feedback but where you can, you should. Doubly so where the feedback has been negative. Closing the loop for dissatisfied

customers is one of the most powerful means of building your brand. When customers leave feedback their expectations of it being listened to let alone acted on are low. So when you do respond customers are amazed and delighted. Closing the loop with a disenchanted customer can boost advocacy by a factor of three. It’s worth the effort.

- **Personalise your service delivery** - I mentioned in a previous chapter the importance of avoiding a standard approach to customer service delivery. Every customer is an individual with their own set of circumstances, wants and needs. Allow your customer-facing staff the freedom to recognise and respond to a customer’s mood. Give them a framework within which they can build the confidence of taking initiative. Treat them like intelligent people and they will respond with intelligent behaviour.

According to the latest report on Customer Satisfaction in the UK (Institute of Customer Service – January 2016) the three top priorities for UK consumers are ‘Competence of staff’, ‘staff doing what they say they will’ and ‘Helpfulness of staff’. Your employees can only demonstrate competence, reliability and helpfulness by having the authority to answer questions and take decisions. Arm them with the ability to do so and you will deliver a truly customer-centric experience as opposed to a service that has been designed for an ‘average’ customer – who never actually existed.

Avoid customer-centricity at your peril. Sam Walton, founder of Wal-Mart the world’s largest company, has the final word:

“There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.”



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