How using
feedback metrics
can improve customer experience

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Introduction

Business is increasingly focused on using customer feedback to improve customer experience. In pursuing this strategy companies have looked for a simple metric that can be deployed across the whole organisation. Net Promoter Score, Customer Effort and Customer Satisfaction all have their advocates who champion each metric in academic papers, publications and online fora.

Our contention is that this widespread debate has given rise to an excessive focus (often at board level) on the number itself with too little attention paid to what lies behind the number (the reasons why the number is high or low, goes up or down). In this paper we consider the factors that influence the measuring of NPS, Effort or CSAT and how to ensure consistency of data. We look at the issue of benchmarking and assess its value to an organisation. We identify the appropriate use of individual metrics and consider which is best for transactional and which is best for relationship scores. We conclude by focusing on how to generate maximum return on investment from the feedback process in three significant use cases:

- Using customer feedback to support agent performance management;

- Using key metrics to map and improve the customer journey process;

- Using real-time feedback as the basis for effective customer recovery programmes.

ABOUT

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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.
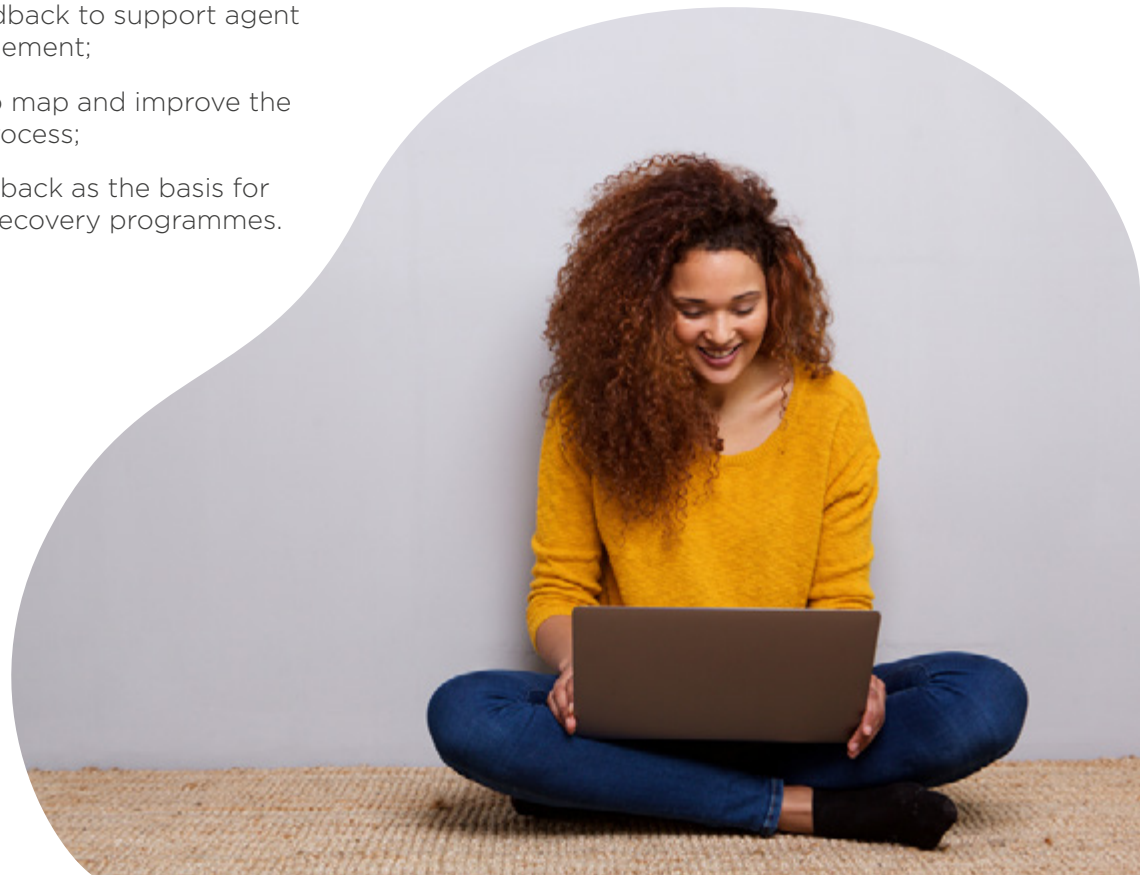
NPS, CSAT and effort – A Primer

Net Promoter Score (NPS) was first proposed as an effective measurement of customer loyalty in the Harvard Business Review in 2003 by Fred Reicheld, a partner at US consulting firm Bain & Co. NPS asks customers to score on a scale of 0 (very unlikely) to 10 (very likely) how likely they would be to recommend Brand X. Those who score in the range of 0 to 6 are Detractors; those who score 7 or 8 are Passives; and those who score 9 or 10 are Promoters. The NPS score is calculated by subtracting the % of the sample who are Detractors from the % who are Promoters. So if 20% are Detractors, 30% are Passives and 50% are Promoters the NPS score is 50-20=30.
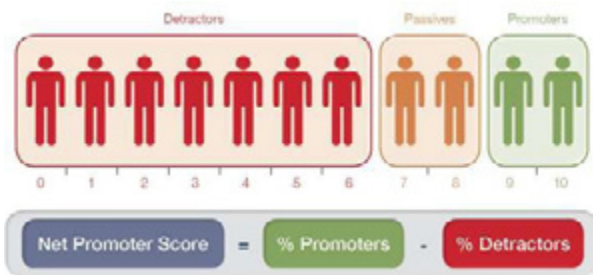
Customer Effort Score

Reicheld maintained that NPS could be used as an effective predictor of growth because high scores on the 'likelihood to recommend' question were shown to correlate strongly with repurchases, referrals and other actions that contribute to a company's growth. For more insight into NPS you should read Reicheld's book – "The Ultimate Question 2.0".

The Customer Effort Score emerged in 2010, partly as a reaction to NPS. Also launched in the Harvard Business Review (by the Corporate Executive Board - CEB), it was based on a single question -"How much effort did you personally have to put forth to handle your request?" - to which customers were asked to respond on a scale from 1 (very little effort) to 5 (a great deal of effort).

The underlying premise of the Customer Effort Score is that companies spend too much time trying to delight their customers when most people just want an effortless experience. Service organisations can create loyal customers by reducing customer effort -

i.e. helping them solve their problems quickly and easily - not by delighting them in service interactions. CEB maintain that Customer Effort is a better predictor of customer loyalty than NPS or customer satisfaction scores. Their theories are also explored in book form - The Effortless Experience: Conquering the New Battleground for Customer Loyalty. One of the criticisms of the Customer Effort Score has been the awkward phrasing of their question. In 2013 they revamped this to a more effortless "The company made it easy for me to handle my issue" with answers on a 7 point scale from strongly disagree to strongly agree.

Customer Satisfaction

Customer satisfaction is a more traditional way of gauging a customer's reaction to a number of issues. Typically it is used with a 5 point Likert-type scale (although some advocate 3, 4, 7, 9 or even 10 point scales). Its strength (and weakness) is that the format can be used in a wide range of questions. It lets you investigate:

- Overall service experience – "How satisfied were you with your overall experience?"

- Product – "How satisfied were you with Product Y?"

- Pricing – "How satisfied were you with the prices you paid/were quoted?"

- Personnel – "How satisfied were you with the way our agent treated you?"

- Agent behaviours – "How satisfied were you that the person you spoke to was knowledgeable/helpful/able to resolve your query"

Unlike NPS or customer effort no one organisation owns Customer Satisfaction. It is a generic measurement tool that can be applied anywhere.

For practitioners the key issue is which metric works best for your business.

The best metric for your business

Metrics such as Effort and CSAT and NPS have been developed to measure different aspects of customer experience and perception: Effort and CSAT have an obvious role to play in gauging customer response to a recent transaction or experience; NPS, recommending a brand, may take into account a much wider range of experience than just a recent transaction. Debating which of these is the best metric can be futile since each metric measures something different.

Here's an example. As a football fan I support Norwich City. I am loyal to the club. I go to watch them one Saturday, find it difficult to park, have to wait longer than usual for my half-time pie and the team turns in a dull nil-nil draw. In this scenario my Effort score would be low (prompted by the difficulty of parking and of getting my pie); my CSAT score would be middling (because the team gave a middling display); but my NPS score would be high (because I remain loyal to the brand).

Many companies use a combination of NPS, Effort and CSAT to explore different aspects of the clients' relationship with their brand.

- Customer satisfaction – CSAT is best used when it is applied to a specific aspect of service. Questions like 'How satisfied were you that the call agent was friendly & helpful/had the knowledge to help you/was able to resolve your query?' can be used as the basis for measuring agent performance at individual level and rewarding agents accordingly. And questions like 'How satisfied were you with the time you had to wait?' can expose issues with process and provide quantified insight about what needs fixing.

- Customer Effort – The effort question is great at surfacing issues with process. So if your brand relationship is heavily dependent on process and little else you should be measuring effort. This is why commoditised sectors such as financial services find it such a relevant measure. The only time we tend to think about our bank or insurance brand is when we transact with them; if they make that touchpoint difficult our view of the brand is impacted. So for us the question 'How easy was it to do business with us/ get your query resolved' is a great way of mapping pinchpoints in the customer journey and identifying which processes need tackling first.

- Net Promoter Score – NPS is a simple way of gauging the strength of the relationship between a customer and a brand. If someone is prepared to stake their own reputation with friends and family by recommending a brand it means they are well connected to it. But, as a number it's pretty meaningless – you have to ask people to explain why they have given the score they have. That's what drives the insight and allows you to react appropriately.

The key for any practitioner is to start with a clear set of objectives. Knowing what you want to measure will lead you to the right way to measure it.

Which metric is the most accurate?

What characterises all these metrics is the drive to reduce the totality of customer experience to a single number. There is clearly benefit in a 'one-number' solution (easier for business-wide communication, employee engagement, board reporting) but there is also inherent risk. No matter how comprehensive the science behind the number it is still just a number and it encourages focus on a single score at the expense of the deeper and wider issues and trends behind the number.

The truth is anyone can create a higher NPS, Effort or CSAT score by manipulating the survey process; but CX professionals who choose to do this are only fooling themselves and their Board of Directors.

Feedback metrics (as with any research) are influenced by a range of different factors that can produce different results. These include:

- Timing of the survey delivery - NPS in surveys delivered immediately post call tends to be higher than in surveys delivered 48 hours after the transaction

- Survey methodology – you will get different results depending on whether you survey via IVR, email or SMS survey

- Survey structure – length of survey can influence the outcome as can the position of a question in a particular survey

- Wording of the question – it is possible to 'lead' a respondent to a more positive response

If this is the case, how can we tell which survey process will produce the most accurate response? The truth is that regardless of methodology or timing NPS scores are always accurate in that they accurately reflect the views of a customer using that channel at that particular point in time. The key to getting the most out of any metric is to see it as a signpost, an indicator of how your brand, product, call centre team or call agent is performing over time. To do that you need both a consistent measurement process and to be able to identify the reasons why people have given the score they have. By measuring

your key metric with the same question set, at the same point in the customer journey you will be able to accurately measure changes over time or differences between teams. And with an open-ended question you can swiftly identify why customers have given the scores they have. Armed with this information you can address the issues that need addressing and improve service performance and your key metrics.

The 11-point NPS scale One of the most frequent debates on NPS forums is about the scale:

'Why 0 to 10?' 'Why should only 9 & 10 scores count as Promoters?' According to Reichheld the three groups reflect natural clusters of respondents, avoids the 'grade inflation of CSAT surveys (with NPS only the most enthusiastic are promoters) and gives frontline staff an easily understood goal – reduce detractors, increase promoters.

Stick with the 0 to 10 scale. It may seem odd to discount people who have given you 8 out of 10 but it works. It's also more accurate when you compare your score with other brands who also use the same scale.

Transactional vs relationship metrics

We are often asked about the link between transactional and relationship surveys. First let's clarify what we mean, using NPS as an example of a metric that might be measured by relationship or transactional surveys:

Relationship NPS would typically be measured by a 'point-in-time' (quarterly or biannual) survey of a representative sample of the client's customer base. The NPS being measured is at a brand level ('top-down') and reflects all the experience that a customer has had with the brand. It also takes into account customers who have had no recent contact with the brand.

Transactional NPS is measured through a continuous survey which generates feedback immediately or very soon after an interaction between company and customer. Volumes are typically driven by the need to provide a robust sample for the objectives of the survey (e.g. measuring performance at an agent level might require 10-20 surveys per agent per month). The NPS being measured is focused on the customer's recent experience ('bottom-up') rather than the totality of the customer's experience of the brand.

What can be said about the relationship between the two? At a practical level they tend to use different methodologies (email vs IVR) and different survey structures (relationship surveys tend to have more questions) which produce results that are not directly comparable. And, in terms of response, brand perception is often dictated by the time elapsed since a customer's last interaction with the brand – the longer the delay the greater the risk of a drift towards neutrality of scores and sentiment. This is particularly true of most industry sectors outside FMCG or Communications where relationship surveys can include a majority of customers who have had no recent experience of the brand.

The key lies in the value that each of these surveys produces by way of actionable insight. We know (and have significant case-study evidence) that transactional surveys provide benefits of:

- Immediacy – real-time feedback means you can fix issues swiftly or re-engage with dissatisfied customers before they complain or spread negative word of mouth. You can also win back customers who might have decided to take their business elsewhere.

- Granularity – you can identify NPS at agent level and use it as an indicator of performance. This means you can benchmark service levels, identify top performers, clone best practice and even use it as the framework for reward and motivation

- Relevance - you get a hard measure of NPS based on recent experience of the brand

- Tracking – you can see how your scores move in response to real-time events. For example an insurance company scores would have been significantly different had they been probed just before the winter floods as opposed to just after.

By contrast Relationship survey responses are based on a perception of the brand that, for some respondents, has been eroded by the time elapsed since their last transaction. Relationship surveys do not offer the opportunity of real-time response to issues. Where these surveys come into their own is in building a complete view of your customers' feedback. Because the sample tends to be representative of all customers it includes those with no recent experience. It is also easier to canvas views about competitor brands and derive benchmark scores for the sector.

Benchmarking

Benchmarks for key metrics are hard to come by. To our knowledge there are two organisations in the UK that publish scores across industries giving a snapshot of the state of NPS and CSAT in the UK. Satmetrix publishes NPS benchmarks for the UK annually. Their report covers ten industry sectors and the highest recorded in 2015 was for First Direct, logging an NPS of 73.

The Institute of Customer Service publishes a biannual index of customer service across 13 industry sectors. The overall satisfaction index stands at 77.0 in January 2016.

Caution is advised when comparing brand scores with these benchmarks. While they offer a view, sampling of each individual brand's customers will be relatively low and the methodology used to gather feedback may not be consistent with the methodology you use.

Davies produces a number of comparison scores for NPS, CSAT and Effort based on IVR and email surveys (the scores differ). In our experience an NPS score above 30 is OK (though there is always room for improvement); anything below 10 needs serious attention. For Effort a top-box score on a 5-point scale (i.e. the % of your sample saying 'Very easy') should be above 70% for best practice. Having said this, scores will differ depending on sector and journey touchpoint.

Of most benefit to any business is the tracking of its own scores over time and across touchpoints. Trends will highlight issues and improvements. By interrogating open-ended comments companies will quickly understand why customers have scored as they have. Only by understanding the reasons behind a particular score will you know what you can do about it.

Prioritising actions

A downside of too much data is that companies become focused on analysing the numbers rather than implementing the actions suggested by the feedback. Those responsible for driving actions from insight are often seeking a 'big solution' from the 'big data' when 'sweating the small stuff' will provide immediate benefits. Here are some ways to generate return on investment in actionable insight. Closing the feedback loop - low scores and keywords in surveys can be used to trigger alerts directed to specified individuals in your company. By responding to these with a customer recovery initiative you can reduce complaints, create advocates and win-back business.

'Quantified qualitative' research – Voice of the customer combines robust sample sizes with open-ended customer comment. The free-form responses can be very detailed and, by grouping them together by theme can offer a comprehensive view of issues that need to be addressed.

Prioritising action from insight - coding customer comments will give you a sense of the frequency of comment but this does not necessarily equate to the urgency with which these issues should be addressed. For example, your feedback programme may be telling you that many of your customers don't like your call wait music and some of your customers resent the IVR journey they have to make before talking to a live voice. Based on frequency of comment you would rightly believe that the call wait music is the issue that needs fixing most urgently. But by analysing the sentiment behind the numbers in your survey and indexing this with each type of comment you might discover that the people who complain about the music are not overly upset by it; whereas those who resent the IVR find it so difficult that they might end up taking their business elsewhere. In this scenario it is the IVR journey that needs fixing.

Linking feedback data to actual customer behaviour - o ne of the great strengths of the new generation of feedback technologies is their ability to link each element of feedback to an individual customer. By cross-tabbing feedback scores with purchase data companies can place a financial value on the metrics they measure and analyse. Creating a link between feedback and behaviour strengthens the case for strategic initiatives that are identified as a result of the feedback.

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