



Using Non-Traditional Approaches to Measuring the Customer Experience That Instigate Action

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ASQ Minnesota Chapter

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Customer Care Measurement & Consulting

Agenda

- Evolution of Customer Experience (CE)
- Examples of proactive, preventive service
- Measuring and analyzing CE
- Checklist



2015 National Rage Study

- Modeled after White House Study - Service is no better now than in 1976
 - More serious problems – technology based
 - 20%+ did not even complain
 - 2/3 got nothing
- Damage no longer money – now five hours wasted
- Telephone over internet 7:1 – 16% face to face

2015 National Rage Study: What Complainants Wanted & What They Got

Remedy	% Wanted	% Got
To be treated with dignity	93%	32%
Offending company put itself in my shoes	83%	19%
An assurance that my problem would not be repeated	81%	15%
My product repaired/service fixed	80%	25%
An explanation of why the problem occurred	80%	18%
To be talked to in everyday language; not scripted response	79%	29%
A thank you for my business	76%	27%
An apology	75%	28%
Just to express my anger/tell my side of the story	58%	35%
My money back	57%	18%
A free product or service in the future	44%	8%
Financial compensation for my lost time, inconvenience or injury	42%	5%
Revenge	24%	2%
Other	14%	2%



Five Annoying Processes

Told to go to Website

Your call is important...

Hiding 800# channel

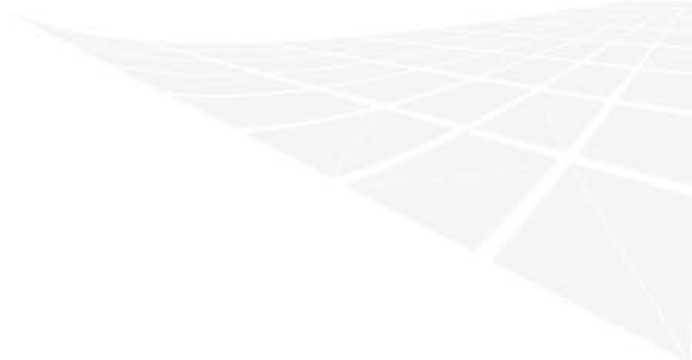
Hours of operations

Closing line – “anything else”
when you failed on first issue

Driving the Customer Experience

- **Staff isn't to blame**
- **People need flexibility and explanations**
- **Sensibly create remarkable delight**
- **Technology is the key to proactive CE**
- **A great CE is 10-20 X more profitable**
- **VOC is more than surveys and complaints**

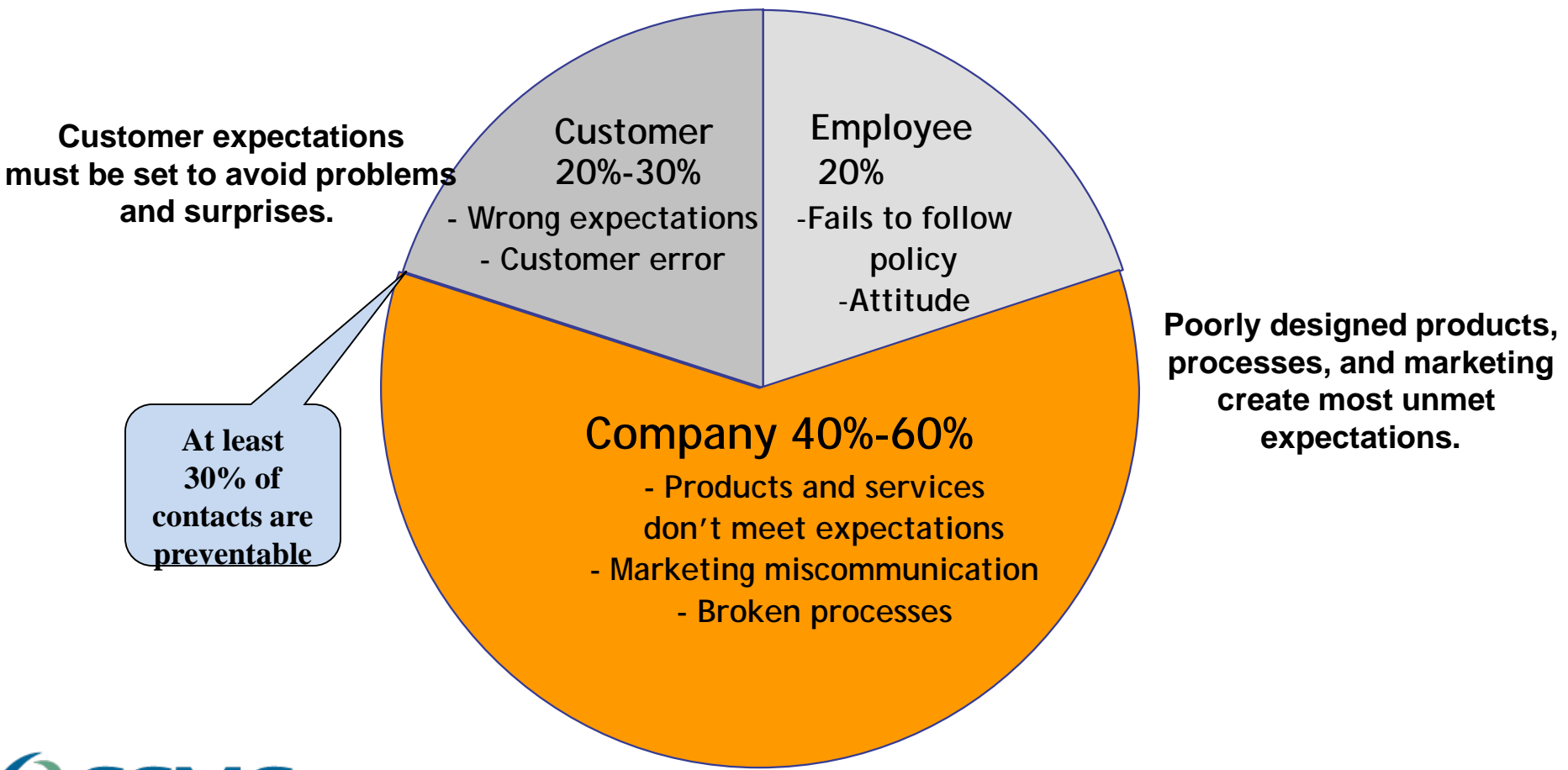




Customer Behaviors (Both Consumer and B2B)

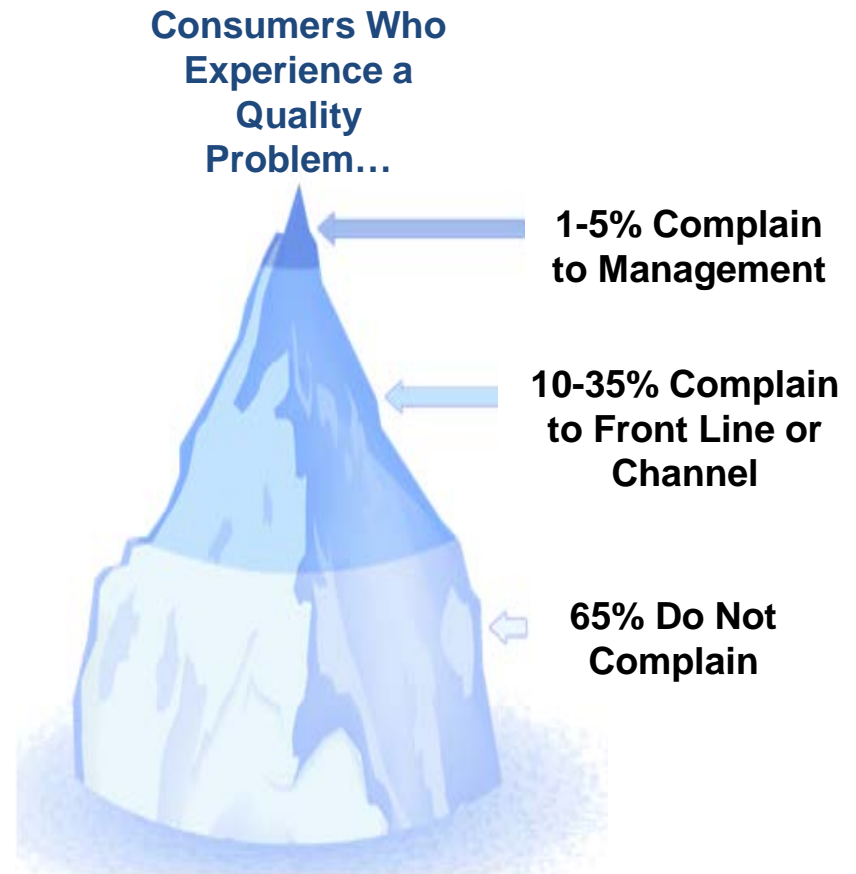
Understand the Causes of Customer Dissatisfaction

The majority of customer dissatisfaction is NOT caused by employee error or attitude but by products that cause disappointment and broken processes*



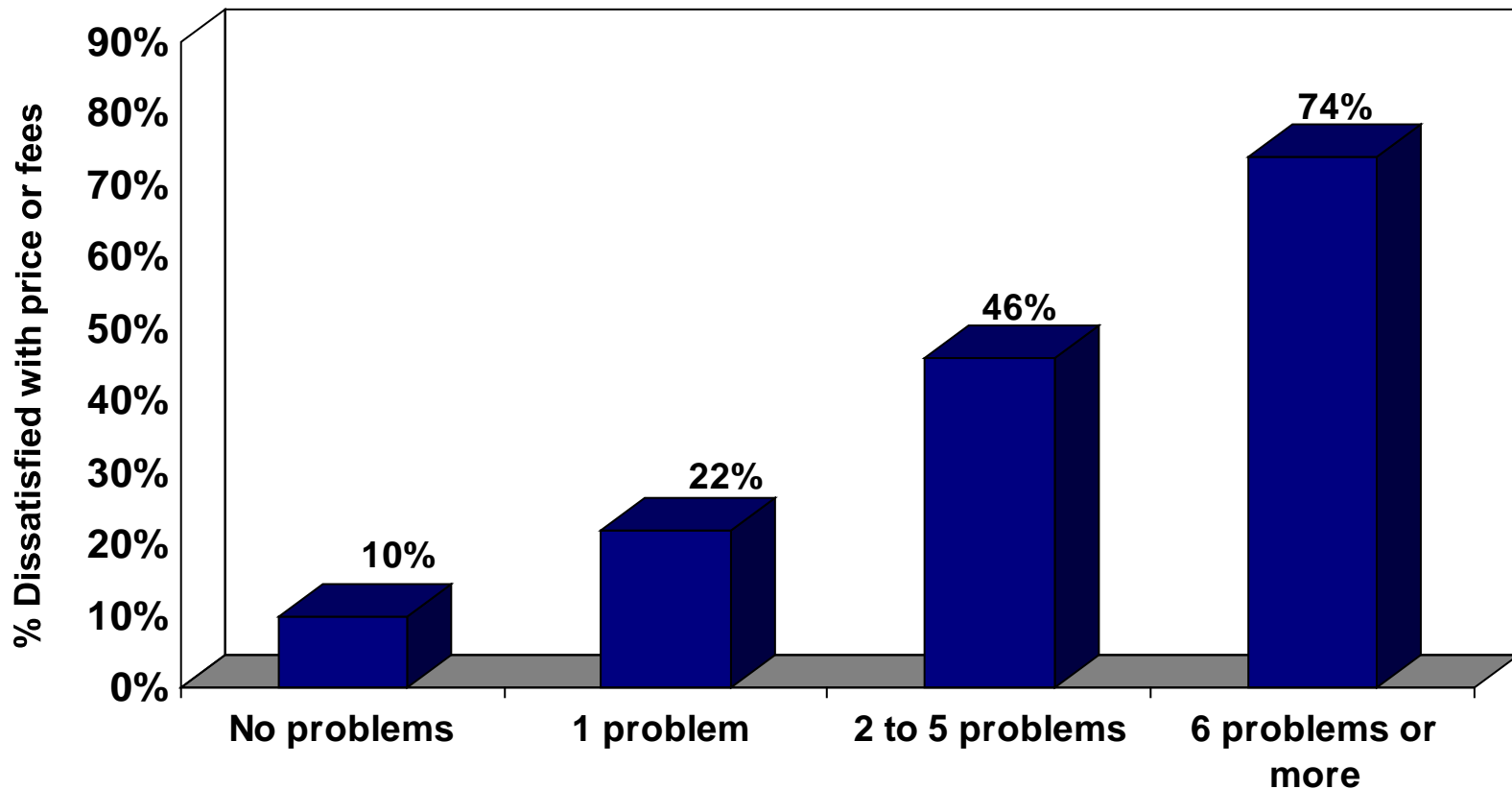
Basic Tip of the Iceberg

- Multiplier is ratio of complaints received at touch point to problems in market
- Ratio can vary from 1:5 to 1:200
- Causes
 - Effort
 - Hopelessness
 - Retribution
 - Where



Problems Raise Sensitivity to Price, Hindering High Margins

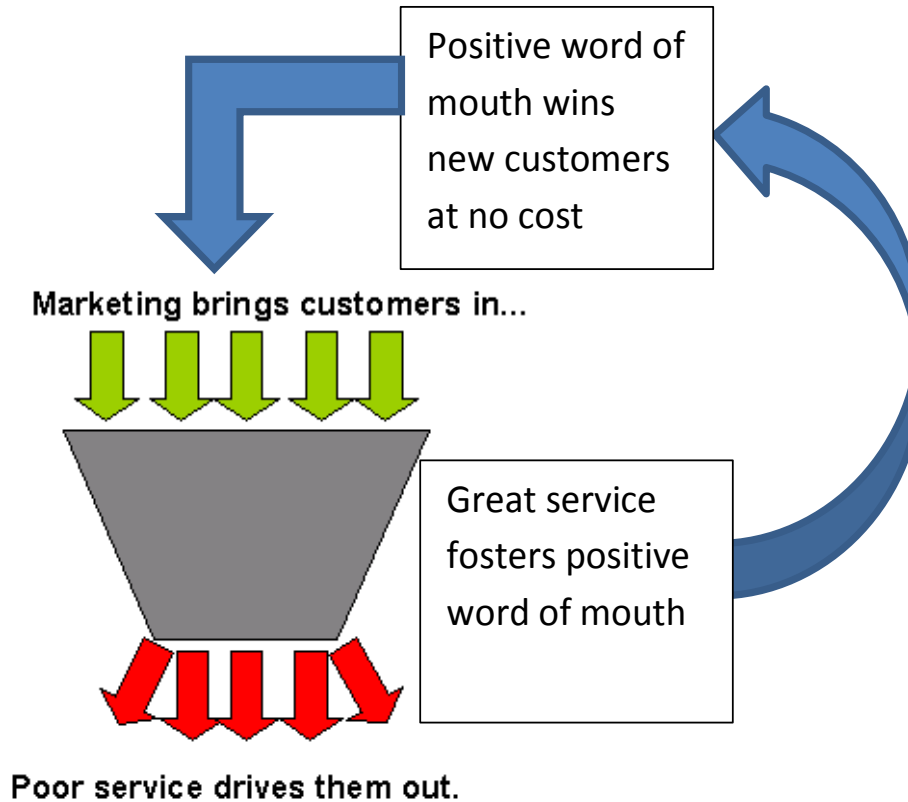
Percent of customers dissatisfied with fees rises with number of problems.



Create Cheap Delight AND Prevention

Delight experience	Average lift to repurchase or recommend (Top Box)
Service beyond expectation - heroics	12%-14%
No unpleasant surprises	22%
Friendly 90-second staff interaction	25%
Personal relationship over months	26%
Tell me of new product or service I can really use	30%
Proactively provide information on how to avoid problems or get more out of your product	32%

Let Great Service and Word of Mouth Do the Heavy Lifting



Be Proactive to Reduce Uncertainty

- Definition of Proactive– Control situation by causing action rather than waiting to respond to an event
- Approaches to proactivity and prevention
 - Know what will happen – FedEx missed connection
 - Predict what may happen – Harley battery
- Benefits
 - Costs 1/3 as much
 - Eliminates uncertainty and makes you ETDBW
 - Fixes problems you'll never hear about
 - Eliminates employee frustrations

Real Psychic Pizza

DOMINO'S TRACKER Know the status of your order, from the moment it's prepared to the second it leaves our store for delivery or is ready to be picked up. [PICK YOUR THEME +](#)

ORDER PLACED PREP BAKE QUALITY CHECK DELIVERY

1 2 3 4 5

WE'RE FIRING IT UP - ANIL began custom-making your order at 7:02 PM. PATENT PENDING 4.0.6

[SHARE](#) Surf the web while you track your order. [SURF WITH TRACKER](#)

Quicken Loan Tracker Eliminates Uncertainty

Engineered by **Quicken Loans**

my QL Hello, Andy America

Select Another Loan

1

Documents Messages Loan Summary Closing **2 Talk to Us**

3

Getting Started Working on Your Loan Closing Time

Step 1 Step 2 Step 3

Update: Welcome to the new and improved MyQL! Here you'll find updates regarding your loan progress. 5/21/2013 at 2:39 pm (ET)

You have no documents to return! >
You have no documents to E-Sign.

You have no urgent messages >
You have no unread messages.

Proactive Education On Know Points of Pain

WE OFFER VALUE FOR YOUR MONEY

Our average hourly rate is only \$110 per hour and all this is included:

- Over 200 Mercedes Loaner Vehicles
- Mercedes Factory Trained Technicians With The Most Up To Date Training
- Latest Diagnostic Tools and Information
- Metro Shuttle Service
- Genuine Mercedes-Benz Parts
- Waiting Lounge With TV and Complimentary Wi-Fi
- Fax/Scanner/Copy Services Available
- Complimentary Car Wash With Service
- Appearance Center For All of Your Vehicle's Cosmetic Needs
- Refreshments
- 1 Million Dollar Parts Inventory

For Your Information Here Are Some Interesting Comparisons On Other Local Businesses:

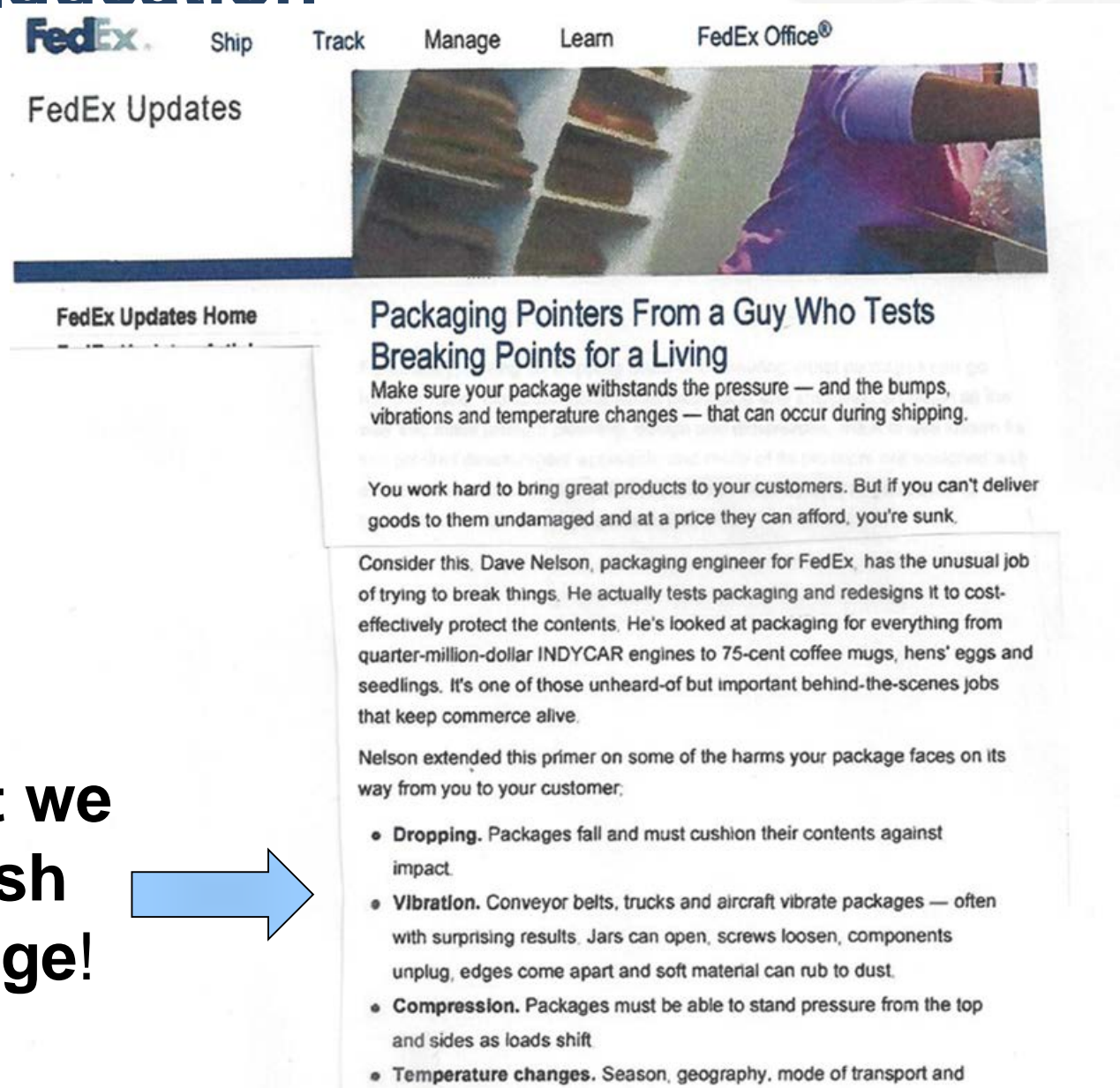
Local Plumber - \$165 Per Hour

Electrician - \$125 For The First Half Hour/\$45 For Each Additional Half Hour

Computer Programmer - \$110 Per Hour



Customer Education



Here is what we
do to smash
your package!



Customer Responsibilities

Consult early to save money

The most important rule of thumb: Get your shipping provider involved early. Consult a packaging engineer before investing in packaging materials, settling shipping rates, determining price points and making other decisions that affect your profit margin. At FedEx, we offer a free testing service that helps customers develop appropriate packaging. Nelson offered these money-saving tips on shipping:

- **Don't assume the original package suffices.** Many businesses buy products for redistribution. These may be mass-produced and shipped safely enough to the distributor on pallets, but once off the pallet, single boxes may not withstand the rigors of transport.
- **Cushioning is king.** Understand and protect the most fragile part of your product. If you ship multiple goods in a single box, explore the use of compartments, box-in-a-box packaging, the organization of products in the box and split shipments. These may reduce costs and damage.
- **Don't "ship air."** Minimize the empty space in the container. For example, if you ship gift baskets, choose a basket without a handle; it will take up less space.
- **Don't scrimp on packing materials.** The quality of the box, cushioning and packing tape matter. It's acceptable to reuse boxes, but inspect

Here are your responsibilities as customer for preventing damage to your shipment!

Measuring the Customer Experience

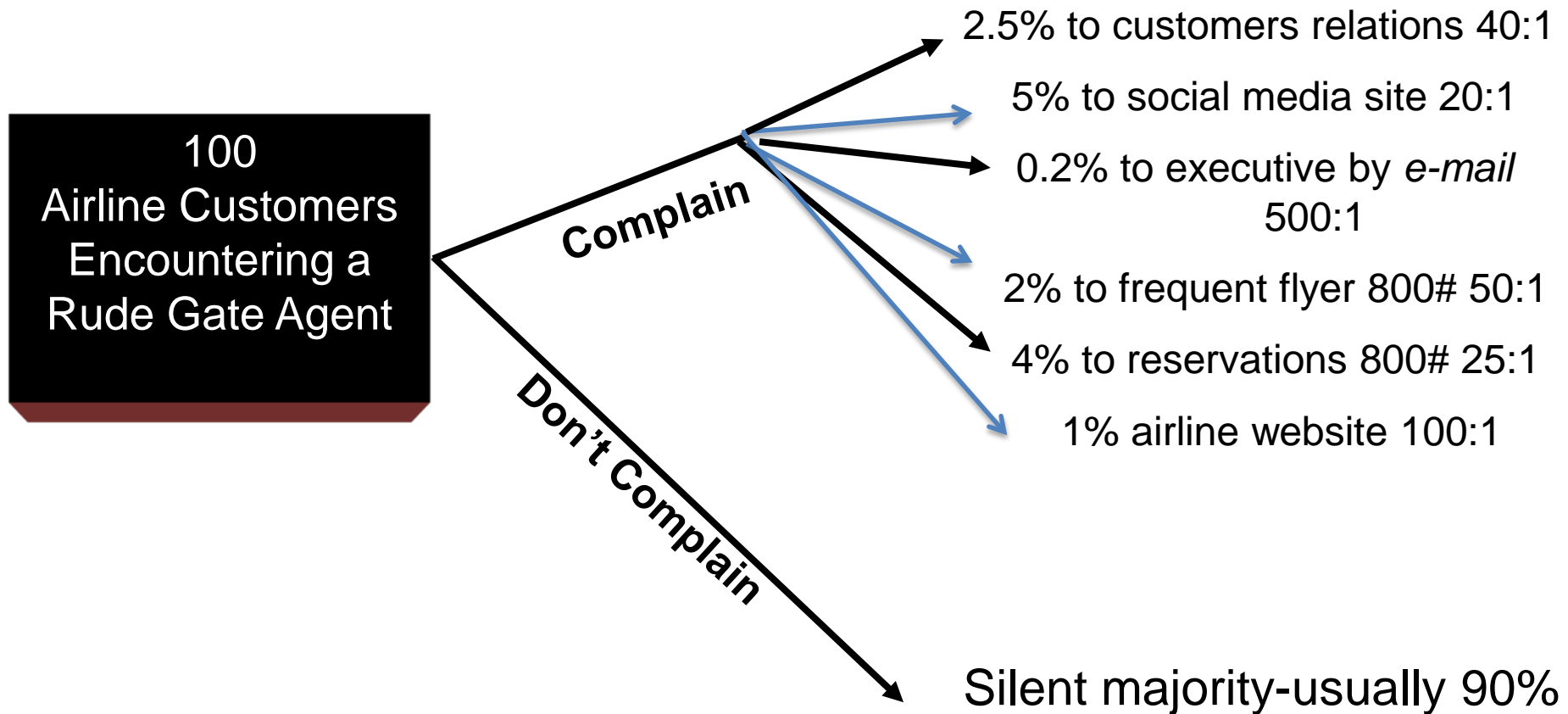
Six Areas of Opportunity

- Data sources
- Data collection
- Data integration
- Data analysis
- Reporting
- Action planning

Sources

- Surveys
- Focus groups
- Social media – how representative?
- Contacts
- Call monitoring – does it tie to survey results?
- Transaction failures – better picture than surveys
- System outages
- Website search failures – everything you should have on website
- Employee input

Data Integration: Estimating Total Number of Problems From Touch Point Contacts



Integrating Touch Point Data (*Airline Example*)

<i>Source</i>	<i>Problem Reports</i>	<i>Multiplier</i>	<i>Total Estimated Instances</i>	<i>Best Estimate # Instances</i>
Customer Relations	16	40	640	} 757
Social Media	20	20	400	
Executive Emails	2	500	1000	
Frequent Flyer 800#	25	50	1,250	
Reservations 800#	30	25	750	
Airline Website	5	100	500	

<i># Customers in Month</i>		<i>Damage to Loyalty</i>		<i>Value of Customer</i>		<i>Monthly Revenue Impact</i>
757	x	.20	x	\$4,000	=	\$605,600

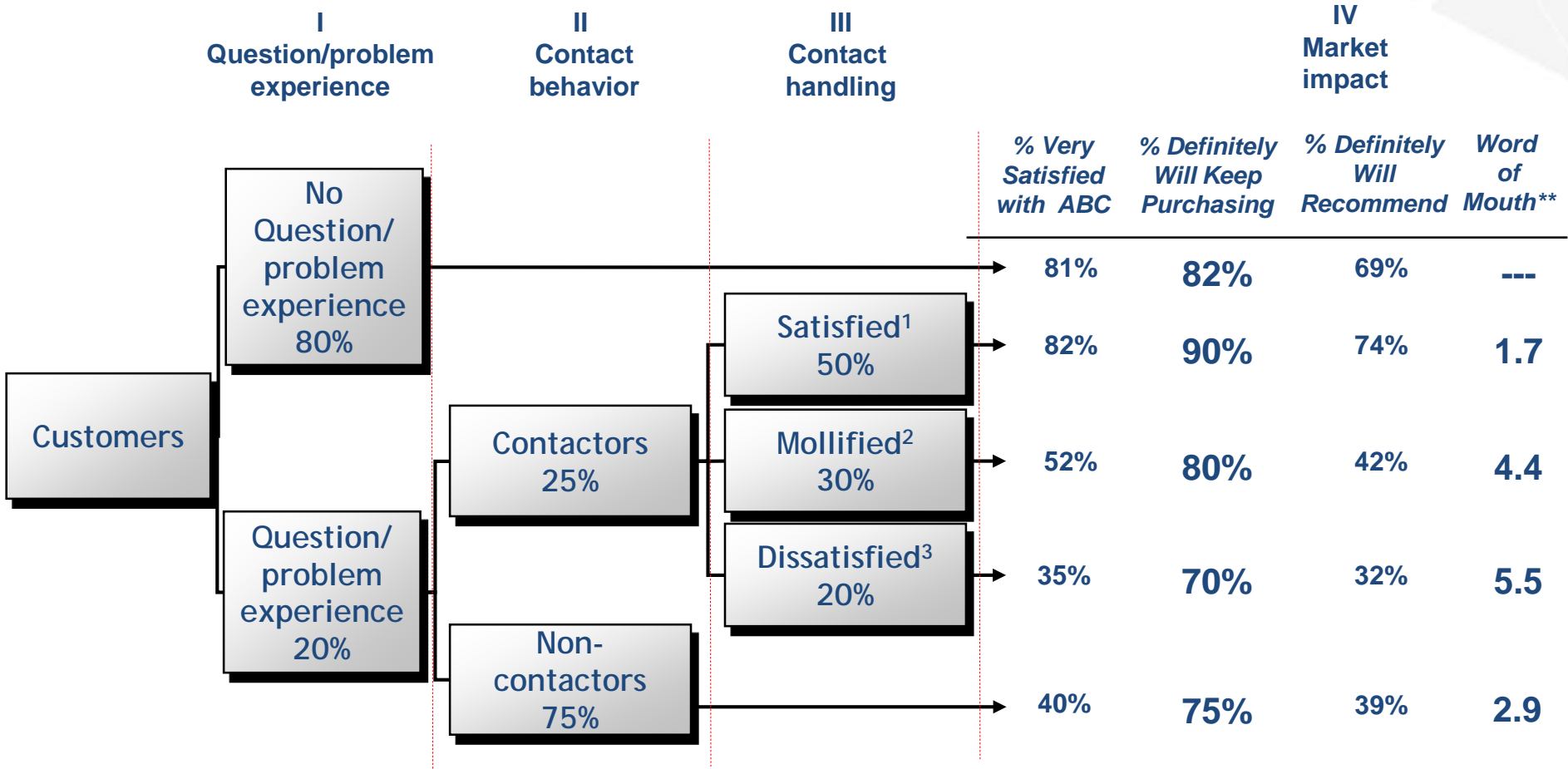
Data Collection With Surveys

- Sample - all transactions or important transactions
- Role of EFM systems
- Tone – sat vs. dissat – lead with problems
- Smart phones
- Open ended why (with text analytics) or prompt with list
- Scales - 1-10 vs 5 point, labeling
- Motivation in invitation – what done with previous feedback

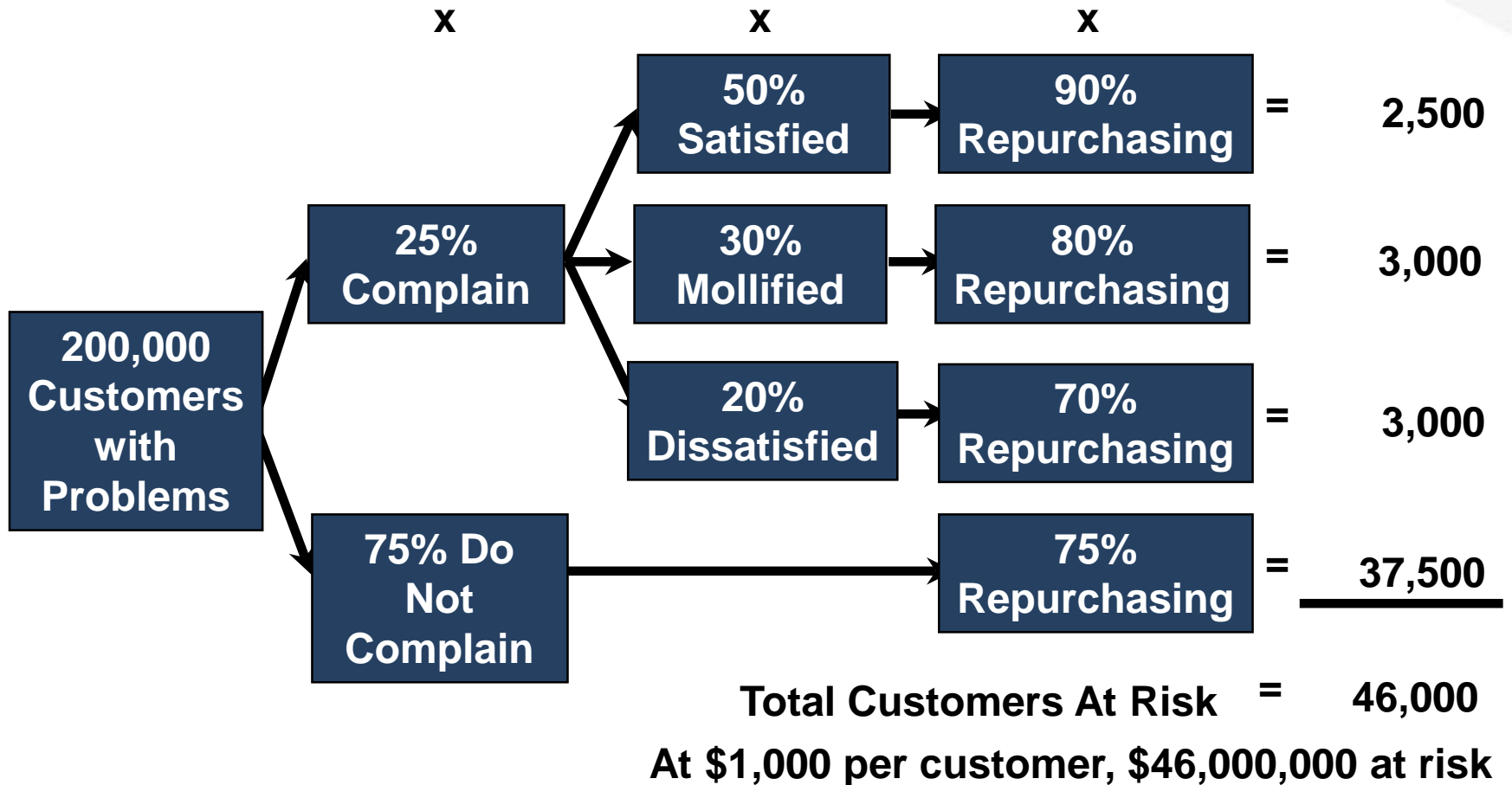
Analysis

- Key drivers
 - Payoff of movement
 - Are there two sets of drivers in every market?
- Problem vs. no problem
- Revenue at risk
- Word of mouth
- Sensitivity to price
- Plan to verify stated intentions – verify impact
- Gold vs Silver and Bronze segments

Understand the Impact of Problems

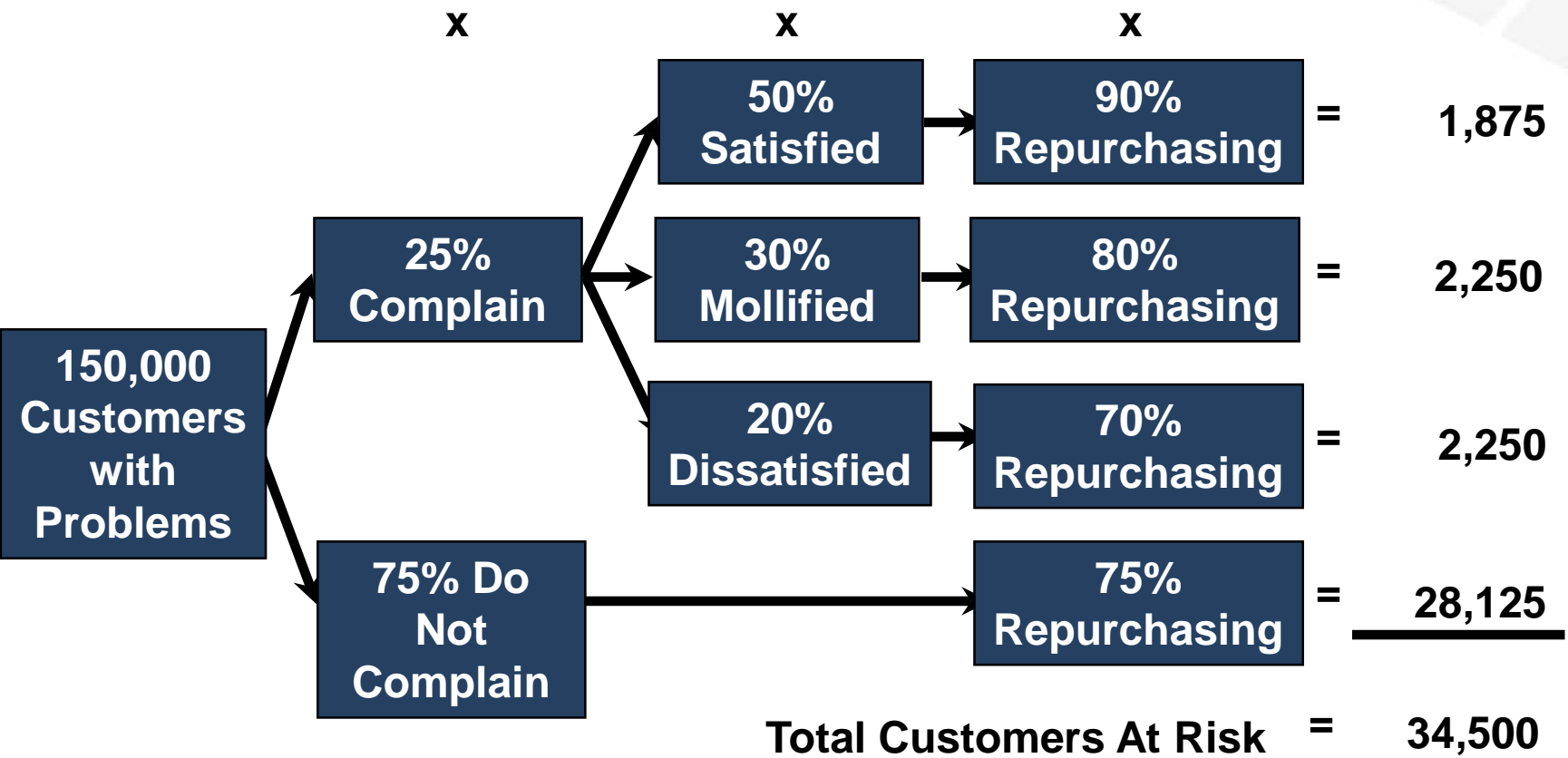


Quantify Revenue Damage of Status Quo



Three strategies: Prevention, Solicitation of Complaints and Improved Response

The Payoff of Prevention of 25% of Problems



At \$1000 per customer, \$34,500,000 at risk or retention of \$11,500,000 plus reduction of 12,500 calls

@ Gross margin of 25%, \$1MM spent on prevention = ROI of 187%!



Set Priorities Based On Revenue Damage & Customers At Risk

Overall % w/ problem (45%)	% Problem¹	% Won't recommend²	% Customers potentially lost
Meeting promised delivery dates	27	10.5	1.3
Product availability within desired time frame	23	0.0	0.0
Meeting commitments/follow through	21	30.0	2.8
Equipment/system fixed right first time	20	22.2	2.0
Adequate post-sale communications	19	10.0	0.9
Returning calls	16	33.3	2.4
Minimum customers at risk			9.4%

¹ Based on multiple problem selection

² Based on *definitely would not/probably would not recommend*

Reporting For Impact

1. Simplify to three issues, elimination of masses of data requiring interpretation
2. Tailor report to each function, hold a separate meeting
3. Provide action plan and pilot test design for each issue
4. Humanize data with quotes and recordings
5. Don't criticize, show how much money is left on the table
6. Identify opportunities to proactively warn customer and prevent issues. **Biggest Opportunity!!**

Indices? Helpful or a Hindrance?

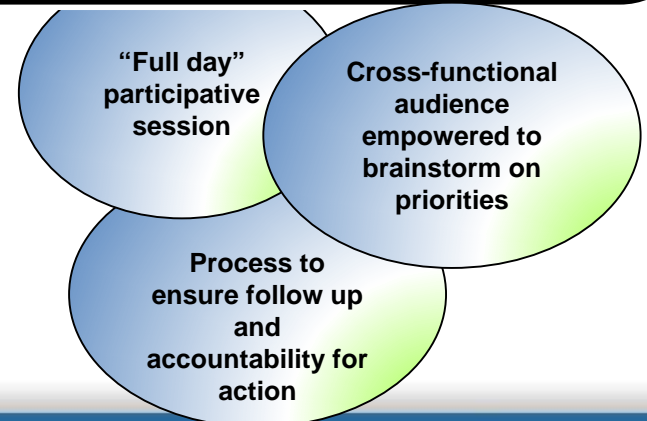
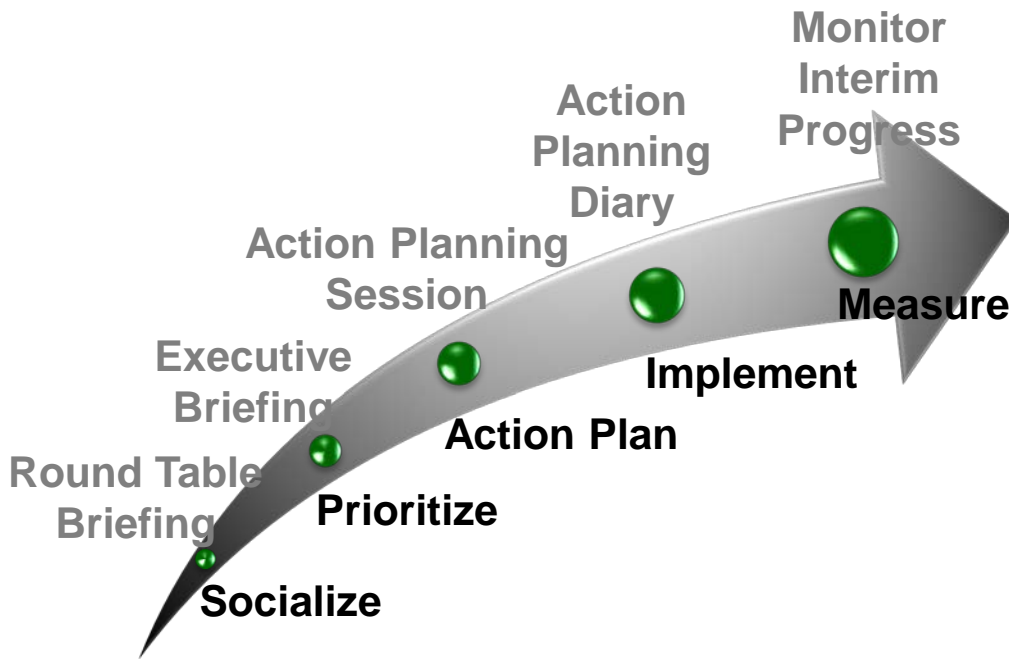
- Dashboards are for lazy executives!
- Net Promoter
- Customer Effort



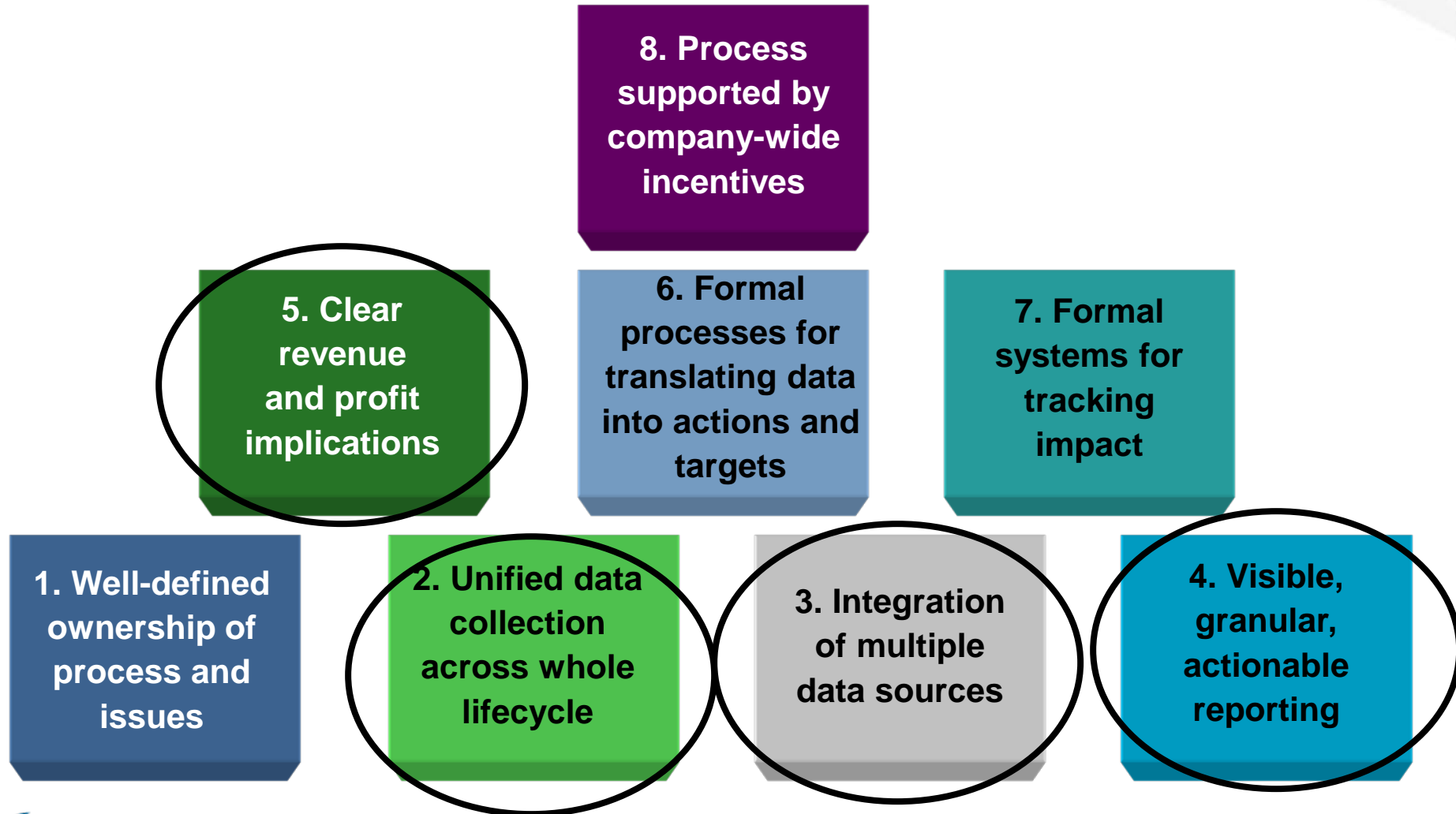
50% +

Action Planning

The intentional and ongoing process of identifying, operationalizing, and implementing specific actions that affect enough customers over a long enough period of time to increase positive ratings for those selected elements of the customer experience that yield the greatest payoff



Effective Voice of the Customer Process



Getting Started

- Analyze
 - Classify your service workload
 - Identify top ten questions or problems
 - Which can be anticipated or prevented?
- Take action
 - Educate customers on top three mistakes
 - Fix one process to give employees hope
 - Create cross functional CE steering committee

Summary

- Understand non-complaints, espec. in B2B environment
- On surveys, aid customers with problem list
- Create a unified VOC to identify best opportunities
- Quantify the revenue and word of mouth impact
- Provide detail and create action plan & accountability
- Use technology to proactively educate, connect, explain and deliver psychic pizza
- Outlined in detail in **Customer Experience 3.0** and **Strategic Customer Service** – each on Amazon for <\$20.
- For package of articles - jgoodman@customercaremc.com; @jgoodman888