Transforming Listening Into Action: Fortifying Voice of Customer Programs

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The results of Gartner's 2017-2018 CMO Spend Survey are in, and the news is not all good.

For the first time in three years, growth in marketing budgets has decreased, placing marketers on the hook to justify financial investments and demonstrate solid ROI for existing activity. In this more restrictive environment, Gartner finds marketers are increasingly turning their focus to existing

customers, with a spending ratio of 2-to-1 in favor of retention over acquisition. Because of those trends, chief marketing officers are keeping customer experience (CX) programs at the top of their priority lists and they are expecting such initiatives to deliver measurable returns.

The scenario worsens when the need for CX programs to deliver ROI is viewed in the context of the results of the most recent Customer Rage Survey, which found 56 percent of customers with a problem experienced rage. That is a drop from 66 percent in 2015, but is still unacceptably high. Moreover, the survey, which was conducted by Customer Care Measurement and Consulting in collaboration with the Center for Services Leadership at the W. P. Carey School of Business at Arizona State University, found 91 percent of customers reported feeling frustration, 82 percent felt disappointment, and 62 percent felt anger.

Clearly, something is wrong with our customer experience initiatives.

Voice of the Customer Only Helps if You Take Action

Enter listening programs — those voice-of-the-customer (VOC) initiatives designed specifically to capture customer feedback about a company's performance, highlight (and fix) trouble spots and reinforce strengths. These will be our savior, right? Maybe.

In its look back at VOC programs in 2017, Temkin Group, a customer experience research, consulting and training firm, found less than one-quarter of companies were able to turn VOC insights into business process modifications. This has to change.

To overcome the perfect storm of budget decreases, emphasis on ROI and negative customer sentiment, marketers must find a way to make their VOC programs actionable. The good news? There are a few key steps companies can take to turn insight into action.

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VOC initiatives are often associated with surveys and other market research activities. In these mechanisms, the company controls the environment — what is asked, how it is asked, to whom it is asked and how feedback is gathered.

Clearly, survey findings add value. In fact, modern survey techniques extend past the typical web surveys to include much more detailed tracking mechanisms (e.g., mobile applications utilizing location and search data, open-ended feedback questions and participation incentives). However, customer-controlled modes of communication are equally important. These can take the form of direct contact with a company — complaints, customer service calls, emails and web chats — and indirect communications, such as social media mentions and blog posts.

These types of communication can highlight issues and problems that the company is unaware of — issues that would not be addressed in company-controlled surveys. Successful VOC programs use data from both sources.

The Metrics: Linking Effort to Objectives and ROI

With the increasing scrutiny of marketing budgets and expenditures, establishing appropriate metrics for every VOC initiative is critical. Because of the variety of potential metrics you could use, you should start by defining objectives for the program across a broad range of internal participants (C-level executives to front-line employees, sales and marketing operations, and all other customer touchpoints). Program objectives should extend beyond simply increasing customer satisfaction and could include the following:

- Increasing customer retention or decreasing churn.

- Increasing share-of-wallet for a particular segment, set of products or overall customer base.

- Increasing average expenditure per customer, lifetime value or length of relationship.

- Increasing loyalty behaviors, such as the level of customer engagement and advocacy.

The metrics themselves should be tied to selected program objectives. Examples of potential metrics include the following:

- **Loyalty index.** You can measure loyalty with questions that assess whether customers are likely to recommend a product, service or company, what their overall level of satisfaction is, whether their lifetime value is likely to increase, etc. This measure is typically a weighted average of all included questions and is good for companies that want to predict customer behavior.

- **Net Promoter Score (NPS).** A customer's NPS is calculated based on a single factor: the customer's likelihood to recommend a company, product or service. It is calculated across the customer base by subtracting the percentage of promoters from the percentage of detractors. It is widely used, typically among companies that want to increase advocacy.

- **Customer effort score (CES).** A metric that is particularly good for assessing satisfaction with customer service channels such as call centers or websites, a CES measures the effort a customer had to put forth to resolve an issue or problem. Companies concerned that their customers may be among those respondents to the Customer Rage Survey who said they experienced high levels of frustration, disappointment and anger, may want to start their VOC programs with an attempt to determine a customer effort score.

- **Overall satisfaction (OSAT).** Measuring a customer's overall level of satisfaction was once the primary purpose of customer service initiatives, and an OSAT score is still a good baseline from which to start. However, companies use OSAT scores less frequently than they did in the past because current satisfaction does not predict future feelings.

The Insights: Take Full Advantage of Analytics

The biggest downfall for VOC programs is their inability to turn the data generated into positive actions.

Analytics is the primary vehicle for accomplishing this. Analytics tools should be able to identify trends and themes, categorize responses, determine root causes for behaviors, and highlight sentiment in speech and text communications. In most cases, this analysis will involve a mix of structured and unstructured data.

Sentiment analysis, also known as opinion mining, is a critical component of VOC programs. This refers to the use of natural language processing, text analysis and cognitive computing to identify and extract subjective information from varied sources, including social media, complaint filings, audio tapes and other voice-of-the-customer feedback mechanisms.

More sophisticated applications go beyond designations like positive, negative or neutral and assign nuanced mood designations. These designations can be correlated with historical behavior to predict future impacts based on the prevailing sentiment. VOC programs use these results to gain an early understanding of CX performance and tweak their programs accordingly.

The Action: Establish Distinct Response Mechanisms

Last, and possibly most important, is the feedback or response mechanism established to handle the VOC insights and analysis recommendations. Most VOC tools offer dashboards for visualizing analysis results and key performance indicators (KPI), but stopping there ensures that the VOC results become simply numbers on a scorecard rather than active inducements for positive change.

To glean the measurable ROI necessary in today's financial climate, companies must define and implement specific response monitoring processes and action teams. Social listening activities must be augmented with individuals who are accountable for responding to customers and taking action as problems are detected. A decline in KPIs should lead to the formation of action teams entrusted with investigating root causes and recommending solutions, and workflows for reporting on and approving such recommendations should be defined at the start of the program.

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