Customer Experience Diagnostics

Deliver the actionable customer insight and context necessary to improve each customer experience

by Rand Nickerson, Chief Strategy Officer & Executive Chairman, OpinionLab

March 2015

A strong consensus is emerging around the importance of customer experience (CX). Executives across industries are investing unprecedented sums of money into Voice of Customer (VoC) programs that are designed to improve CX consistency. This white paper discusses the role that real-time CX diagnostics play in providing unique visibility to CX and empowering teams to engage with customers to take action to reduce CX inconsistencies – while complementing the role of traditional, evaluative CX tracking.

CUSTOMER EXPERIENCE: THE NEW BATTLEGROUN

Customer experience is the lifeblood of the current economy. Defined by Gartner as a “customer’s perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier’s employees, channels, systems, or products”, the customer experience is justifiably one of the preeminent C-Suite preoccupations for 2015. Executives, analysts, and the broader business community all recognize that growth, profitability, and long-term competitiveness belong to the brands that are capable of repeatedly providing better, more consistent customer experiences relative to their competitors.

This is why corporate strategy and enterprise budgets are steering toward the customer experience. When Gartner surveyed 200 marketing leaders, an overwhelming 89% said they expected their companies to compete primarily on the basis of the customer experience by 2016. The research firm also predicted that by 2017, 50% of consumer product investments would be redirected to customer experience innovations.¹

Customer experience is rapidly skyrocketing to the top of priority lists in the C-Suite. According to a recent report by Econsultancy and Adobe, 24% of North American business operators view the customer experience as the single most exciting opportunity facing their brand in 2015, while 78% indicated that they strive to create ongoing differentiation through the customer experience.² Consistently exceptional customer experience is truly the biggest competitive advantage in 2015.

89% of marketing leaders said they expected their companies to compete primarily on the basis of the customer experience by 2016.

Rising shopper expectations are shattering many of the old rules governing the consumer-brand dynamic. Consumers are more fickle and more likely to defect than ever in the face of a negative experience. According to a recent Oracle study, 89% of consumers have switched brands as a result of a poor customer experience.³ In addition to downside risk, however, there is also upside opportunity associated with delivering an exceptional experience. Another Oracle study demonstrated that 81% of consumers are willing to spend more with a company if that company can demonstrate a commitment to improving the customer experience.⁴

Brands are responding enthusiastically, embracing the notion that customer experience is the new marketing. In a brilliant recent example of leadership, Gap announced a bold move to eliminate global CMO positions and replace them with heads of customer experience–new roles designed to create a unified sales and marketing approach built totally around the customer.⁵
MEASURING THE CUSTOMER EXPERIENCE

It is no surprise that leading brands across industries have begun investing significant sums of money into technologies, programs and platforms designed to improve the customer experience. A recent market assessment performed by MarketsAndMarkets projected that the total amount of money expended on Customer Experience Management at the enterprise-level would reach a staggering total of almost $8.4 billion by 2019.6

Many of these expenditures are directed toward VoC programs, which are designed to help organizations measure what their customers think and feel about experiences across channels. Better CX measurement yields enhanced understanding of the customer experience, which in turn creates the conditions for more intelligent management of the experience. So what constitutes better CX measurement?

Today’s consumer expects the brand to listen continuously to them.

To date, a significant part of the investment in improved CX measurement has been evaluative in nature, evolving from traditional customer satisfaction measurement. The usual methodology is the online survey delivered after the experience to a representative sample of customers or panelists to produce an overall tracking score. Question phrasing and response scales might vary, but without exception, evaluative methodologies are designed to solicit an evaluative or descriptive rating of overall customer experience performance based on a sampling that is, hopefully, representative of the typical range of experience. This tracking score is frequently supplemented with modeling to predict where the overall score might trend in the future, given the implementation of certain suggested strategies or priorities.

Although an evaluative measurement program of this sort is important to track long-term success and justify ongoing investment, in isolation, it is insufficient as the measurement basis of an effective CX management program. Evaluative systems measure and track the cumulative impact of actions taken to improve customer experience. Diagnostic measurement systems provide the visibility and understanding essential to taking action to improve CX at the individual experience level. The systems go hand in hand, but confusing one system for the other can lead to very disappointing results.

For example, the evaluative methodology is seen by many as highly inconsistent with the overall objective of customer engagement and involvement with the brand. Representative sampling and online surveys are tenuous concepts in today’s world of the empowered consumer. Successful brands understand that the over use of surveys is abusive to consumers and that surveys, by their nature, disrupt the customer experience. The net result is that you cannot survey each and every consumer and you are typically limited to gathering insight after the experience rather than from within it using a survey.

Today’s consumer expects to play a role in building the successful brands they are loyal to. Few will tolerate the concept that they need to be selected to provide insight to the brand or that the brand should choose the timing of such engagement. Today’s consumer expects the brand to listen continuously to them. The consumer expects to be able to provide insight in an easy and predictable fashion, in their own words, about anything, at any time (particularly from within the experience), and from any touch point or business process. And, they expect their feedback to be taken seriously and acted upon.

In short, a different methodology is required to monitor every customer experience and engage customers at every touch point. The customer is in charge and the methodology must reflect that fact. Said differently, most online survey experiences would likely rate very poorly on Forrester’s 3Es of customer experience.7
Moreover, brands sometimes become confused and expect their evaluative measurement system to move the CX Key Performance Indicator (KPI) needle rather than report the KPI needle. Only a diagnostic technique can help move the CX needle. If a brand is taking action to improve CX but its evaluative CX KPI needle isn’t moving, it probably doesn’t have a diagnostic CX measurement system providing visibility and understanding to guide its actions.

In a world of rising consumer expectations, ubiquitous connectivity, and continuous, cross-channel engagement, monitoring, tracking, and trending the sum of customer interactions and generating a rolling experiential score are certainly important functions. But as important as evaluative measures are, they provide little guidance on how to improve the customer experience, as they typically only provide visibility into the direction the overall experience is trending without the necessary detail and context to take action at the individual experience level.

As with many things in the business world, the devil is in the details. If a brand’s overall CX score is low or trending negatively, it likely has a consistency issue. That is, a larger proportion of customer experiences are inconsistent with the CX standards the brand has established. The brand needs visibility, granularity and context to address the consistency issue and it has to be addressed at the individual experience level, one experience at a time. After a lot of diagnostic work and remedial action, evaluative KPIs will start trending in the right direction.

Exceptional brands create exceptional customer experience standards and evolve a diagnostic measurement system that gives visibility to poor, inconsistent experiences and experiences that delight the customer beyond the standard. As a result, they can take action to eliminate the poor experiences and leverage those that delight. These diagnostic measurement systems give visibility to inconsistent experience with sufficient context to understand and act, often in time to save a customer in crisis. They also help evolve exceptional CX standards in a competitive marketplace.

Evaluative measurement systems measure the impact of the diagnostic efforts. The descriptive nature of evaluative research prevents it from providing actionable guidance about where, why, and how customer experience breakdowns or outperformances are occurring. To achieve accurate measures of consistency, and to drive meaningful and sustainable improvements to the customer experience, brands cannot rely on evaluative systems—they must measure in the moment of experience and focus on actionable intelligence to guide action.

That’s where advanced customer experience diagnostics enter the picture.

**CONTINUOUS, REAL-TIME CX DIAGNOSTICS**

With customers interacting across a limitless set of touch points, making data actionable is challenging. Being descriptive in nature, evaluative research can only go so far toward providing a clear and compelling roadmap for action, and provides limited accessibility to concrete fixes. As brands invest in technology to measure, monitor, and improve the customer experience, they must measure throughout the experience and focus on context and diagnostics. No matter which way a brand structures its multi-channel VoC program and no matter which set of evaluative KPIs it uses, the one indispensable component—and the key to achieving true consistency in the experience—is real-time, contextual customer experience diagnostics.

This concept is borne out by independent analysis, which suggests that VoC programs predicated solely on evaluative research fall short when it comes to addressing the root causes of customer frustration. According to Forrester, only 25% of CX professionals say their companies’ programs actually improve the customer experience. Programs that fail are plagued by
two very critical problems: by relying on aggregates and scorecards, they fail to provide actionable insight into the root causes of discontent at the individual, experiential level. At the same time, they fail to provide insight into the key drivers of delightful ones.

By not clearly illuminating the root causes of customer dissatisfaction and the key drivers of customer delight, evaluative research obscures visibility to suboptimal practices. These practices then persist and multiply, while executives remain frustrated over their inability to “move the needle” on experiential KPIs. Ultimately, risk arises in the form of diminished loyalty and increased likelihood of customer defection. That’s why real-time, contextual diagnostics are so critical if a VoC program is to function at peak efficiency.

Brands are evolving beyond passive, evaluative monitoring of the customer experience at periodic intervals. This evolution is moving brands towards true real-time diagnosis of the root causes of customer discontent and the key drivers of satisfaction, measured by empowered consumers providing insight in the moment of experience and augmented with critical context. The result is actionable insight that can be operationalized in real-time on the front lines in both digital and non-digital channels. Rather than simply scoring past interactions, brands are empowering customers to opt-in and provide feedback in the moment of experience, and that feedback is being mined and transformed into actionable insight that drives meaningful and visible change across the organization.

Diagnostics are necessary if a brand wants to ensure its stakeholders are truly focused on their customers. Across all industries, brands are recognizing that if they empower customers to tell them about each and every experience they have, at any time throughout the experience, and if they wrap context around it, they can use that diagnostic information to eliminate negative experiences, scale around positive experiences, and increase overall customer experience consistency.

What’s more, by taking action to address and eliminate inconsistencies, brands gain an ability to move the needle on core evaluative KPIs, wherever and however they measure them. Thus, real-time customer experience diagnostics provide intrinsic value by identifying and addressing the root causes of CX inconsistency and attacking them, one experience at a time. As experiences become more consistent and adhere more closely to organizational standards, and as exceptional standards evolve based on enhanced visibility, organizations are able to extract greater value and deeper meaning from their evaluative VoC investments.

**BEST PRACTICES FOR REAL-TIME CX DIAGNOSTICS**

Real-time customer experience diagnostics truly add a layer of unparalleled actionability that complements evaluative measurement, but also creates new vistas into the experience that are simply not possible with traditional methodologies. Investing in diagnostics allows the enterprise to pivot away from passive, longitudinal tracking and toward daily engagement with the customer voice and continuous optimization of the multi-channel customer experience, including taking action while the customer is still engaged in their experience.

**CX diagnostics add a layer of unparalleled actionability that complements evaluative measurement.**

As brands map out their investments in diagnostic platforms, they would be wise to stay mindful of several best practices. Many vendors that support VoC methodologies, including evaluative research companies, will purport to also have diagnostic capabilities, so it is critical to be able to distinguish true diagnostics from marketing spin.
Real-time CX diagnostics add unparalleled actionability that complements evaluative research. Truly effective customer experience diagnostics should begin with effective feedback collection. Diagnostic platforms capture a continuous stream of feedback collected through universally accessible opt-in listening posts. In this sense, diagnostics are predicated on a different type of input than evaluative research approaches. Today’s consumer wants to be able to speak with brands when and where they want to, and few consumers will tolerate the notion that to be heard, they must be sampled or recruited.

**Advanced CX diagnostics are the critical component of any successful CX management program.**

Moreover, diagnostics draw their precision and specificity from the fact that respondents are actual customers, reporting in their own words, engaged in real experiences, with rich context added as opposed to preselected customers struggling to answer structured questions and recall the exact factual details of an experience that might have occurred days, weeks, or months ago.

Additionally, diagnostic platforms should provide a pulse of the customer experience in real-time across all organizational touch points. Since they are engineered to automatically filter through noise, diagnostic platforms should be capable of identifying the most relevant themes, issues, and opportunities affecting the multi-channel customer experience as these issues emerge to help evolve exceptional customer experience standards. The customer should choose the topic of his or her feedback, not the brand. The customer defines “moments of truth” in their experience. This granularity provides true visibility to unseen or unanticipated issues and opportunities.

Advanced diagnostics should also be able to wrap context around each and every incoming piece of customer feedback. At scale, this context is what provides the brand visibility to the exact dimensions of the experience that lead to it contributing or detracting from the brand. This context could be a specific group of pages, a single store, a particular contact center agent, time of day, or an entire geographic region. Context can also pertain to device type, form factor, or operating system—helping the brand distinguish, for example, between the experiences of iOS users versus those of Android users. Layered with context, actionable CX diagnostics can be routed within seconds to the right people in the organization, those best poised to react and respond to issues and opportunities, in the moment. This creates an opportunity and a roadmap for intelligently prioritizing responses to customers in crisis.

As mentioned earlier, advanced CX diagnostics are the critical component of any successful CX management program and are an important complement to evaluative methodologies. By linking a KPI score to each and every experience at all organizational touch points, enterprises can prioritize responses to customers with experiences that score poorly on evaluative KPIs, while at the same time, mining and leveraging experiences that trigger positive KPI performance.

Finally, advanced customer experience diagnostics create visibility and engagement around CX data, building consensus around the importance of timely action and guiding CX investments. Over time, the cumulative effect of this process engenders greater alignment around the customer and transforms the organization into one that is truly customer-centric. Truly customer-centric enterprises are capable of going beyond reactive repairs; socialization of best practices derived from customer experience diagnostics creates a climate where brands are able to prevent customer frustration before it happens, or intervene simply by engineering their standards and processes in ways that better anticipate customers’ needs, wants, and aspirations.
CONCLUSION

The rush to fulfill rising expectations for the customer experience has spawned an entire ecosystem of VoC vendors, many of which base their CX tracking tools on the principles of evaluative research, relying on representative samples of consumers or panelists using surveys delivered post experience. While useful as a measure of overall success, evaluative techniques fall short when it comes to providing the visibility, engagement, and insight necessary to take action at the individual experience level and improve overall consistency to exceptional CX standards.

To achieve these mission critical objectives and to truly deliver consistently remarkable experiences, brands should evaluate deploying real-time CX diagnostics. These diagnostics will empower their customers to provide insight from within any experience touch point and consequently help the brand act to reduce CX inconsistencies and evolve exceptional standards. CX diagnostics are a powerful and necessary complement to evaluative systems that track the overall success of CX programs and guide further investment.

ENDNOTES


   http://blogs.forrester.com/maxie_schmidt_subramanian/15-01-23-voice_of_the_employee_can_cure_broken_customer_experiences_but_you_need_an_effective_pro
ABOUT RAND

Rand has spent his career helping brands find effective ways to measure consumer behavior and response across new channels and touch points. A noted authority in analytics and measurement, he has 25+ years of success in developing disruptive technologies that drive customer experience improvements.

Rand currently serves as Executive Chairman and Chief Strategy Officer of OpinionLab, guiding the company’s strategic vision for driving business action through real-time feedback. He has authored numerous technology patents, including a dozen pioneered at OpinionLab, and currently acts as an advisor to the Cameron School of Business at University of North Carolina at Wilmington.

ABOUT OPINIONLAB

OpinionLab is a high-growth SaaS provider of continuous Voice of Customer listening solutions that drive smarter, real-time business action to deliver a high quality and consistent customer experience. The world’s largest brands, including: 4 of the top 5 U.S. retailers; 8 of the 10 largest American banks; the 5 largest U.S. insurance companies; and 3 of the top 4 U.S. airlines use OpinionLab to optimize customer experience and drive engagement across channels. OpinionLab continuously introduces new innovation to serve marketing and customer experience leaders, and is accelerating all aspects of its business to best serve the needs of its global customer base. In 2014, OpinionLab was recognized by Inc. magazine as one of the fastest growing companies in the nation. For more information, visit OpinionLab.com, read the blog or follow on Twitter.