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VOICE OF THE CUSTOMER: HOW TO PROPERLY LISTEN & ACT ON CUSTOMER NEEDS

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This report highlights how Best-in-Class firms stay in tune with customer needs by building and managing a top-notch voice of the customer (VoC) program.

What's the Business Value of Getting VoC Right?

Capturing voice of the customer (see sidebar) has become table stakes for firms to understand the evolving needs of their current and potential customers. In fact, findings from Aberdeen's February 2018 Customer Experience Executive's Agenda 2018: How to Satisfy the Empowered Customer study shows that seven out of ten firms use multiple channels to regularly capture customer feedback and sentiment data. In this environment of abundant VoC data, success in building customer trust and loyalty requires firms to go beyond just capturing data. Firms must also build the foundation to efficiently manage data, analyze it, and empower relevant employees with it to help them to better do their jobs.

A close look to the 164 participating organizations in Aberdeen's CX survey reveals a group of top-performing businesses – referred to as Best-in-Class (see sidebar on next page) – excel across all stages of these VoC programs. Aberdeen used five metrics to gauge success in VoC programs; the top performers excel across each of those key performance indicators (KPIs) - Table 1.

Definition: Voice of the Customer (VoC)

For the purposes of this research, Aberdeen defines a VoC program as a set of activities used to capture customer feedback and sentiment data. These activities are often enabled through technologies, including VoC platforms, text analytics and sentiment analytics.

Table 1: Top Performers Have Happy Customers and Enjoy Greater Financial Success

Company Performance (n=164)	Best-in-Class	All Others
Customer retention rate	84%	58%
Year-over-year improvement in customer satisfaction rate	42.1%	-6.6%
Year-over-year growth in annual company revenue	40.4%	-6.1%
Year-over-year improvement in average customer profit margin	39.8%	-7.5%
Year-over-year improvement (decrease) in response time customer requests	32.5%	-6.7%

Source: Aberdeen Group, January 2018

The KPIs used to gauge company performance in VoC programs were selected because they reflect organizations' agility in responding to customer requests and their ability to delight buyers and maximize financial health.

Top-performing firms checked the boxes across all these areas. Specifically, they achieve 39.2% difference in improving (<u>decreasing</u>) the response time to customer requests (32.5% vs. 6.7%). They also achieve 48.7% difference in improving customer satisfaction rates (42.1% vs. 6.6). Happy buyers ultimately reward those Best-in-Class firms by maintaining and growing their spend. They also help attract new customers for the firm through word-of-mouth. To this point, Best-in-Class firms also report 46.5% difference in growing their annual revenue (40.4% vs. 6.1%).
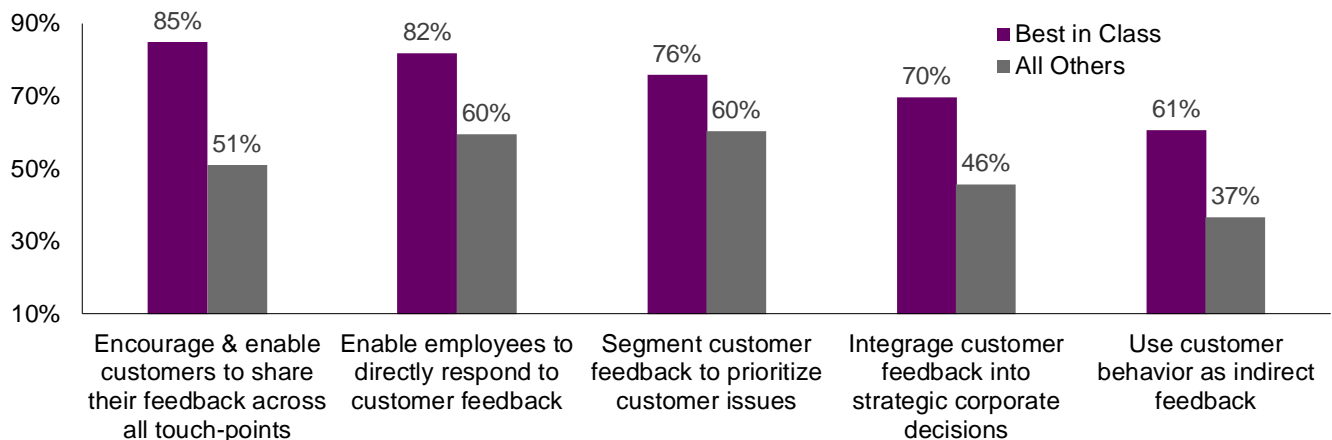
Achieving Best-in-Class results requires a well-designed and executed strategy. That strategy must have several building blocks to enable firms to go beyond capturing VoC data but also analyze <u>and</u> act on it. Let's take a closer look at those key capabilities.

The Building Blocks for a Best-in-Class VoC Program

1. *Optimize VoC Data Capture Activities*

VoC programs have different phases. First, companies must establish the goals driving the program, who will oversee it, and how employees will capture and access the insights gleaned through the VoC data. This means a detailed assessment of all the current and potential customer touch-points (e.g., web, phone, in-store) and identifying the best methods to capture customer feedback and sentiment data across each channel. To this point, Figure 1 shows that Best-in-Class firms are 67% more likely to have such a process to encourage and enable customers to share their feedback across multiple touch-points, compared to All Others (85% vs. 51%).

The Aberdeen maturity class framework places companies in one of three categories based on their self-reported performance across key metrics:

- **Best-in-Class**: Top 20% of respondents based on performance
- **Industry Average**: Middle 50% of respondents
- **Laggard**: Bottom 30% of respondents

Sometimes Aberdeen refers to a fourth category, All Others, which combines Industry Average and Laggard organizations.

Figure 1: Don't Just Listen To Your Customers, Act On Their Feedback

Percent of respondents, n=164

Source: Aberdeen Group, January 2018

Once the company captures VoC data, the next step must be incorporating it with the relevant account data to establish a complete view of the customer

journey. Using isolated data points risks companies inferring inaccurate insights when analyzing the VoC data. Instead, determining the product/service the customer purchased and the history of their previous interactions with the organization gives a vital perspective companies can use to better understand the context of the customer sentiment and feedback. This also allows firms to segment VoC data by numerous criteria. For example, companies can segment their top spending accounts and observe the common feedback shared by these buyers to address any potential issues that might lead to losing this clientele. Figure 1 shows that Best-in-Class firms are 27% more likely to have this capability, compared to All Others (76% vs. 60%).

A common mistake many firms make when building and managing VoC programs is assuming that customer feedback and sentiment data can only be captured by direct input from the customer (e.g., through online and interactive voice response (IVR) surveys). While conducting surveys is the most common method of capturing VoC data, it's not the only one. Customer behavior, such as renewal of a service, repeat purchases, or a Facebook post expressing satisfaction from a recent product purchase are all indirect forms of VoC data. Tracking and capturing such unsolicited feedback helps firms glean even more insights into the hearts and minds of their customers. Best-in-Class firms are 65% more likely to use customer behavioral data as indirect feedback, compared to All Others (61% vs. 37%).

Once a comprehensive view into customer sentiment and feedback is established, the next step must be putting VoC-driven insights into action. This requires integrating VoC data into strategic business decisions, such as new product launches and determining new markets to expand into. Best-in-Class firms are 75% more likely to use VoC data as part of their strategic planning and execution activities, compared to All Others (70% vs. 40%). This helps them better align their activities with the evolving needs of their customers.
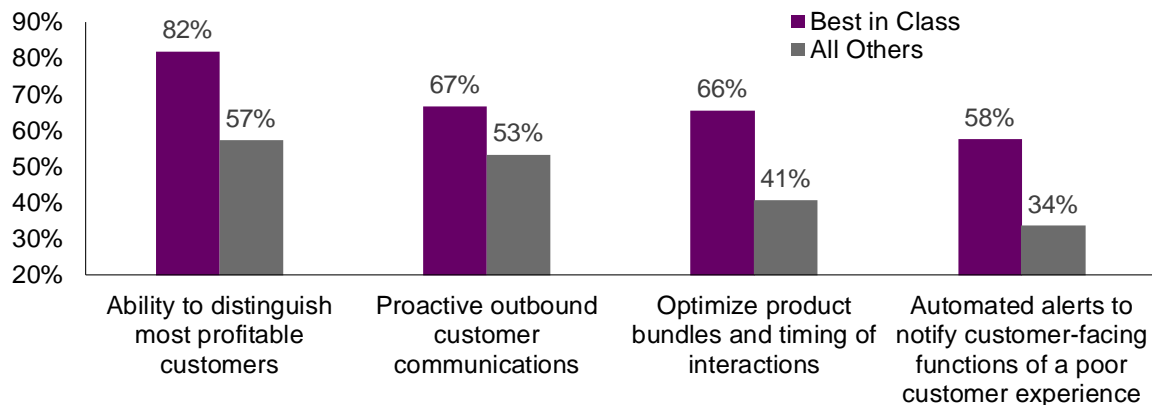
Top performers also enable their employees with direct response capabilities. This is done through a platform where the employees can see the VoC data, but also respond to a customer's feedback, such as dissatisfaction with the most recent contact center experience. While this capability may seem like a fundamental element most firms with a VoC program should have, Figure 1 shows that four out of ten poor performing businesses don't have this capability in place. In comparison, the Best-in-Class are 37% more likely to have it (82% vs. 60%).

You don't need direct customer input to capture VoC data. You can use unsolicited input that customers provide through their activities (e.g., service renewal or Facebook posts sharing positive sentiment about the company product).

2. *Turn Data into Insight that Empowers Your Employees*

For employees to respond properly to each customer request, they must be empowered with the right contextual information. They must also be able to access this data in an efficient manner. The findings from Aberdeen's Customer Experience Executive's Agenda 2018 study shows that on average, 14% of an employee's time is spent looking for information (e.g., account data). Best-in-Class firms minimize such inefficient use of time by providing employees with automated alerts of a poor customer experience. This is done by creating workflows so that when a customer provides negative feedback, it is automatically provided to employees in the relevant department. These workflows are customizable and can be used to direct VoC data to the contact center, marketing, and back office – depending on the business needs. Figure 2 shows that Best-in-Class firms are 71% more likely to use such automated alerts, compared to All Others (58% vs. 34%).

Figure 2: Empower Employees with Timely Views of VoC Data

Percent of respondents, n=164
Source: Aberdeen Group, January 2018

Top performers are clearly focused on making it easier for employees to access and use VoC data to do their job – serve customers. They also establish a process that enables them to provide proactive outbound customer communications in alignment with the VoC program. This refers to proactively interacting with customers across designated channels (e.g., email, phone and text message). For example, an airline that has a flight delay can communicate the delay and the new departure time to passengers by sending emails and text message alerts. This prevents customers from having to find out about the delay last minute at the airport, minimizing customer frustration. It also helps deflect potential phone calls and boarding gate traffic where customers would ask for the updated departure time. Figure 2 shows that the Best-in-Class are 26% more likely to incorporate

such a proactive approach to their VoC program, compared to All Others (67% vs. 53%).

Making the move from simply capturing data to turning it into insight is necessary for firms to address customer expectations. Using technologies such as business intelligence, real-time reporting, and alerting and dashboards allow CX leaders to analyze VoC data, reveal common trends, and conduct root-cause analysis. One way to analyze VoC data is by segmenting it by customer spend. For example, observing the behavioral and feedback data of the most profitable clients helps firms reveal if there are any common characteristics these buyers share. If so, this insight helps firms better identify other potential high-profit customers and expand this clientele. It also helps retain them by determining and alleviating their common issues.

Such targeted activities for each segment, ideally for each buyer, means that each interaction is tailored based on account data. For example, marketers would tailor their campaigns for their high-profit clientele differently than those that target potential new buyers, who might not be as profitable. Figure 2 shows that the Best-in-Class are 61% more likely to tailor their activities based on insights revealed through VoC data, compared to All Others (66% vs. 41%).
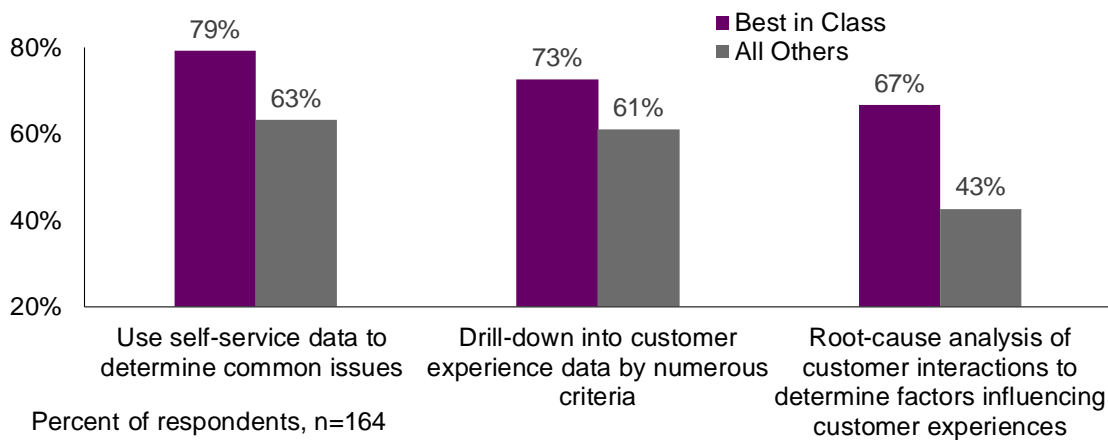
3. *Use Analytics to Determine What Influences Customer Sentiment & Feedback*

Earlier, we noted that companies use various technology capabilities to analyze VoC data, and cited root-cause analysis as one of them. Root-cause analysis allows companies to analyze historical and real-time VoC data to determine the connection between specific factors and outcomes. Figure 3 shows that top-performing firms are 56% more likely to use this capability (67% vs. 43%).

Using this capability allows firms to analyze customer churn data and reveal commonalities across the lost clientele. This might show that buyers purchasing a specific product are more likely to stop doing business, and hence would prompt the firm to consider redesigning its product. It might also show that buyers interacting with specific contact center agents are more likely to share that they were not satisfied with their interaction with the firm through a follow-up survey. This information would allow the contact center supervisors to provide personalized coaching and training to these agents to mitigate the risk of losing other clients.

Use root-cause analysis to reveal what influences customer sentiment and feedback. This allows your firm to determine the factors that you can monitor and control to manage customer experiences.

Figure 3: Top Performers Analyze VoC Data to Reveal Root-Causes of Top Recurring Issues

Percent of respondents, n=164
Source: Aberdeen Group, January 2018

The CX study shows that 45% of firms use self-service to interact with customers. With even more firms planning to incorporate self-service within their CX programs, giving customers the ability to help themselves has become well-established across many firms. The fact that customers are not interacting with a human employee (e.g., contact center agent or sales representative) doesn't mean that the company can't capture their feedback and sentiment data. Customers' usage of the self-service portal provides invaluable insights. Specifically, companies can use web analytics to analyze the most common topics customers search for in the self-service portal. They can also analyze the most visited knowledgebase articles. This analysis provides insight into the most common issues for which customers are using self-service portal.
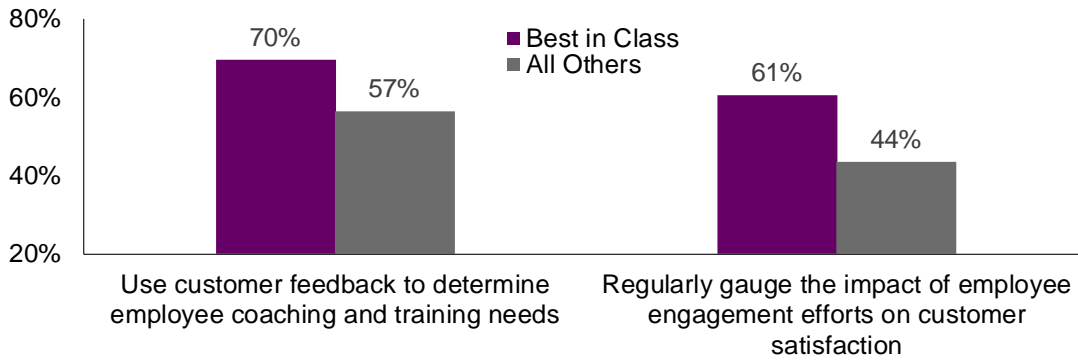
Companies can also track those customers who use the self-service portal and then subsequently use phone or other channels to contact the business. Since those buyers found it necessary to contact the business through another channel, this likely means that the articles they used on the self-service portal didn't address their needs, or they require instruction on how to use the portal. CX leaders can analyze the end-to-end customer journey to reveal if customers contacting the business after using self-service follow a similar path to adjust the self-service portal. Top performers are 25% more likely to analyze self-service interaction history in such a manner, compared to All Others (79% vs. 63%).

4. *Align Employee Behavior with Customer Experience Objectives*

The previous example of the firm coaching contact center agents by analyzing customer feedback is just one of many ways firms can use VoC data for employee coaching and training. Figure 4 shows that top performers

are 23% more likely to incorporate customer feedback and sentiment data as part of their employee performance measurement and management activities, compared to All Others (70% vs. 57%). This is important as it helps firms build a work atmosphere where employee activities are designed to better align with customer expectations.

Figure 4: Weave VoC into Employee Performance Management Activities

Percent of respondents, n=164

Source: Aberdeen Group, January 2018

An important point to highlight in Figure 4 is that Best-in-Class firms are 39% more likely to regularly gauge the impact of employee engagement efforts on customer satisfaction (61% vs. 41%). Unfortunately, many firms consider customer experiences as outcomes of using certain technologies or processes. Instead, it's the people in the business who deploy and use those technologies and processes that influence customer experiences. Hence, it's vital that these employees are engaged in their role and fully understand and buy in to the CX values guiding the company. Top performers regularly assessing employee engagement levels and its tie with customer satisfaction results is helping them ensure that employees are committed to helping the business achieve and exceed its customer experience objectives.

Key Takeaways

Companies in the modern marketplace survive and thrive based on their ability to wow their customers. Voice of the customer programs are an integral element for firms to stay in tune with the evolving expectations of their buyers, but also gauge their ability to respond to them. Traditionally, many firms considered a VoC program to be simply a method of capturing customer feedback and sentiment data through methods such as online surveys and IVR surveys. Not many firms have taken significant steps to analyze the vast volume of data captured across multiple channels to reveal trends influencing customer behavior and opportunities for improvements.

The good news is that Best-in-Class firms clearly understand the importance of moving past data capture and into analyzing VoC data and acting on it. How do they build such a program that helps them outpace their competitors? It can be summarized through four key building blocks. We recommend you observe these building blocks below to determine if your company currently has them. If not, incorporating them within your VoC program will help you better align yourself with the Best-in-Class:

- Optimize VoC data capture activities.

- Turn data into insight that empowers your employees.

- Use analytics to determine what Influences customer sentiment & feedback.

- Align employee behavior with customer experience objectives.

Related Research

Customer Experience Executive's Agenda 2018: How to Satisfy the Empowered Customer; February 2018

Customer Service & Marketing Alignment: Maximizing the Customer Experience; January 2018

Contact Center & Customer Experience Trends 2018; January 2018

Omni-Channel Customer Care: How to Deliver Context-Driven Experiences; October 2017

Customer Engagement Analytics: Take the Right Step, Every Time; June 2017

About Aberdeen Group

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