Understanding Customer Experience Management

Five Essential Elements of a Comprehensive Approach
Overview

In this era of the referral economy, the customer experience has more influence than ever on the success of your business. Our connected, online lives amplify the power of both recommendation and complaint, and widespread category disruption and the rise of subscription business models contribute to a changing landscape. These shifts make it more important than ever to understand, nurture, and manage your customers’ experience along the continuum of their customer journey so you can increase loyalty and lifetime value.

If that sounds like a problem you can solve with periodic customer satisfaction surveys, think again. A robust customer experience program requires a comprehensive approach to understanding the customer journey and improving both processes and employee behaviors to positively impact brand perception.

This ebook will explain the value of a customer experience program and the importance of following a complete approach using five essential elements. We’ll start you on the path toward a robust customer experience program.
The Value of Loyal Customers

Customer experience improvement is often framed as a way to do right by customers. While that’s a great motivation, there’s nothing wrong with getting inspired by the potential positive impact on your company’s growth too. Promoters—your most loyal customers—bring value to your company in several ways.

• They stay longer and purchase more.
• They help identify improvements and opportunities.
• They reduce acquisition through positive referrals.
• They cost less to serve in the first place.

Acquiring new customers can cost as much as five times more than retaining current customers.
To create Promoters who will help your company thrive, you need to manage their experience across the entire customer journey. The journey your customers take may vary slightly, but customer journeys follow this general sequence.

Focusing on the journey, rather than on particular touchpoints, is definitively associated with better customer experience outcomes.

Several factors impact the customer journey:

• **Multi-channel service**—Customers expect a seamless experience across all channels.

• **Employee behavior**—Front-line employees can make or break a customer experience, and those behind the scenes can also have a significant impact.

• **Operational success**—While operational metrics can gauge efficiencies within an organization, they don’t always speak to what’s important to the customer.

• **Technology systems**—Disparate technology systems can complicate processes and frustrate customers.

• **Organizational silos**—Cumbersome handoffs between departments can negatively impact customers.
Since Satmetrix co-created Net Promoter Score® (NPS®), it has become the most widely accepted measure of customer loyalty and retention. It is also the only customer experience metric proven to be a leading indicator of a company’s potential growth and financial health. Since customer experience programs are focused on improving customer loyalty, NPS is a key indicator of customer perception of your brand.

NPS asks the question “How likely is it that you would recommend [brand] to a friend or colleague?” and measures responses on a 0-10 point scale.

Responses to this question fall into three categories:

Promoters—These are your loyal, invested customers. Research shows they will stay longer, buy more, and recommend your products or services to other buyers.

Passives—These buyers may be satisfied, but are not fully invested in your company. According to research, this group could easily be attracted to a competitor with a better offer.

Detractors—This group is dissatisfied with your company. Research shows that these customers are more likely to take their business elsewhere and recommend AGAINST your company.

% Promoters - % Detractors = NPS (Net Promoter Score)
Research Proves NPS Is Linked to Growth

Companies that are loyalty leaders—as measured by NPS—outperform their competitors on growth and profits.

*Increased retention:* Sticky customers who do not leave and generate more business

*Low cost, high persuasion:* Existing customers become your company’s marketing and referral engine

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<th>Repurchase</th>
<th>Additional Purchases</th>
<th>Referrals</th>
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<td>Higher Revenue</td>
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<td>Reduced Acquisition Cost</td>
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When you focus on the customer experience to improve loyalty, you increase customer lifetime value, reduce churn, improve cross-sell and up-sell opportunities, and lower customer acquisition costs.
Now that we understand the role of NPS, the value of customer loyalty, and the concept of the customer journey, let's dive into the five elements that combine to form a robust customer experience program. Whether you call it customer experience management, CEM, or you prefer the term voice of the customer, VOC, we're talking about taking a comprehensive approach to improve your business and deliver a lasting competitive advantage.

As a first step, VOC involves gathering customer feedback data from surveys or other sources; analyzing the data to understand what the feedback means to your business; closing the loop with customers; acting on the feedback data; and driving positive change within your company.

We'll start by explaining where and how to gather customer data.
Gather Data
First Essential Element

Key Sources of Data: More Than Just Surveys
Think of gathering data as the act of listening to your customers. You have many options for listening, and choosing just one is unnecessarily limiting. Customer surveys are often the first thought that comes to mind when considering CEM. Yes, surveys are a key element to gather customer feedback. However, surveys aren't the only way. Instead, an effective VOC program includes many customer feedback sources, such as:

- Survey data.
- Industry benchmarks.
- Demographic and firmographic information.
- Operational and financial metrics.
- Social media feedback and sentiment.
- Insight gained through personal interactions with your customers.
Analyze Data
Second Essential Element

Analysis Across the Journey
Robust data analysis transforms flat survey results into meaningful insight and knowledge about the customer experience. Insist on the ability to easily and intuitively segment data according to the needs of your business and the habits or characteristics of your customer base. You’ll need software for this. However, cobbled together solutions won’t give you the power to leverage role-based dashboards and out-of-the-box reports to understand your customers’ journey; create strategies to correct negative experiences, improve retention, or capitalize on Promoters; and ultimately drive profitable growth.

Look for software that delivers advanced analytics capabilities so that you can easily:

- Measure and view your NPS in real time.
- Analyze NPS scores by customer segment, product, and geography.
- Identify root causes of positive or negative experiences.
- Understand drivers of customer loyalty.
- Identify how loyalty evolves along the customer journey.
- Measure the performance of individual touchpoints and customer interactions.
Visualize Your Customer Data

Analysis offers greater value when you can see the data in a visually compelling format. Better still, flexible analysis that lets users independently filter and drill down gives even more value.

Explore software from NICE Satmetrix to see:

• Customer journey analytics.
• Role-based dashboards.
• Structured and unstructured data analysis.

High-level roles include:

• Contact center
• Service teams
• Product teams
• Sales teams
• Marketing
• Executives

Gather Data → Analyze Data → Close the Loop → Distribute Insights → Drive Change
Closing the loop is one of the core ideas behind any customer experience program. It’s a simple idea. When you get customer feedback, follow up promptly with the customer to solve any problems or take helpful action, then ensure (by checking back in) that the action taken had the intended effect.

The specific people involved in closing the loop can vary based on the type of feedback, type of customer, type of account, and other factors. It’s often multi-tiered and involves various parts of the organization to follow up.

A good closed loop process can help you:

- Improve service recovery to reduce churn.
- Provide a deeper understanding of root causes of customer loyalty or lack of loyalty.
- Listen to customers and employees.
- Capitalize on the opportunity to engage Promoters in marketing.
- Use the “voice of the customer” to drive tactical and strategic decisions.
Planning for Closed Loop Success

Focus on Culture and Insights

Remember, service recovery and relationship building are important outcomes of a closed loop process, but not the most important. That honor goes to the ability to drive a companywide focus on customers and to capture deeper insights on the customer experience.

A successful closed loop process is:

- **Prompt:** Make sure your closed loop response happens soon after feedback is received. A good rule of thumb is 48 hours.

- **Repeatable:** You may set processes that vary based on customer types, but employees shouldn’t make up their own approaches.

- **Inclusive:** The more employees are regularly involved in the formal closed loop process, the better.
Act on Data
Fourth Essential Element

It's common to think that CEM centers around functions like customer service, but that narrow view fails to do justice to the discipline. Instead, VOC encompasses every business function within your organization, whether customer-facing or not. It crosses all departmental boundaries and positions, from e-commerce to marketing to billing, and it also connects both operations and processes.

Collaboration is key to the "action" element of CEM. A robust VOC program engages your entire organization from executives to management to the frontline employees who deal with customers every day. Look for software, from a vendor like NICE Satmetrix, that offers easy-to-use tools to:

- Share insights.
- Collaborate on follow-up actions.
- Add comments to offer context.
- Schedule alerts and notifications.
Actionable Insights Drive Action

At any level of your organization, software from NICE Satmetrix provides the insight and tools you need to understand customer experiences, act on data insights, and achieve transactional or strategic goals.

**Frontline**

- Closed loop workflow
- Individual feedback
- Positive Comment Streaming

**Goal**

Increase Retention

**Management**

- Loyalty Drivers
- Staff Performance
- Experience Gaps

**Goal**

Improve Experience

**Executive**

- NPS by Segment
- Trend Analysis
- Financial Linkage

**Goal**

Profitable Growth
At its core, CEM is about action, not just measuring survey results or NPS. If you think about NPS simply as a score, without changing the way you actually do business, it may be very difficult to improve customer loyalty or achieve a new level of growth. Instead, a successful VOC program combines executive commitment and accountability at every level of the organization with a foundation of structure, governance, and technology.
Lay the Foundation to Drive Change

Too many organizations watch their Net Promoter Scores, but do little to positively affect them. A robust NPS-based CEM program should focus on action and change. Your customer experiences—as well as your NPS—are a reflection of what you do.

You’ll need a strong program governance team composed of members from multiple functions who can drive progress. As you consider a VOC program, remember these key points:

- **Build Momentum**—A successful CEM program frequently and regularly puts customer experience data into the hands of employees as well as leaders to build a customer-centric culture and drive both daily and strategic improvements.
- **Fix Issues**—As your organization understands and rectifies root causes of negative experiences, you can create Promoters and reduce Detractors.
- **Improve Operations**—As your VOC program matures, you can identify inefficient processes and correct cross-functional behaviors and processes to drive change across your organization.
- **Innovate & Differentiate**—With a loyal following of Promoters, you can create breakthrough experiences to differentiate your brand.
Complete, Powerful CEM Software from NICE Satmetrix

An effective CEM program won’t run itself. Make sure you have a robust customer experience system to support your efforts. CEM software from NICE Satmetrix is for customer-first companies and offers you the tools you need to manage a world-class customer experience program.

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