



## FROM GOOD TO GREAT

Customer centric companies relentlessly chase perfection from a customer experience perspective. Those that do benefit from increased loyalty, recommendation and share of wallet.

Achieving customer satisfaction scores of 9.5/10 against any standard is good. But how do you move the needle from here to achieve the perfect 10, and is it worth it?

The FRB are going to explore this subject to identify the wisdom that will help companies choose the right path for them. This conversation will examine aspects, such as:

- Does the 9.5/10 average mask pockets or segments of customers who fair less well?
- How do companies measure customer performance standards for the 'worst served' customers?
- How do companies use more advanced analytics to gain greater insight into their customer experience to determine the best improvement actions?
- The game of inches. Marginal gain is as much a culture as it is a discipline. How do companies embed this mindset?
- Return on investment – What is good, good enough?
- If 9.5/10 is good enough, what is it costing, and how can companies continue to achieve the same outcomes with a lower cost to serve?
- How do companies leverage their excellence in customer satisfaction to gain wider company benefits?
- Understanding and mitigating risks that impact customer satisfaction. i.e. What changes are happening, whether controlled or uncontrolled, that may impact customer satisfaction?
- Customer behaviour and their expectations are constantly evolving. How are companies involving their measures to ensure they are accurately understanding and meeting their needs?

Understanding customer needs and trends through insight and action has the potential to nudge the market and industry towards a better future.

Getting from Good to Great could be the differentiator that improves your business success. On the other hand, knowing when good is good enough, could avoid unnecessary cost. Having the wisdom to determine the right path for your company is essential.

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The conversation started with customer satisfaction measurement

- The importance of continual validation of survey measures with other methods, eg. focus groups
- Need to ensure measures reflect the key satisfaction drivers of the customers, noting that customer behaviour evolves/changes over time
- Ensure measures drive internal action, ensuring the measurement is a tangible purpose. Likewise, ensure the rationale to measurement is linked to business strategy/outcomes
- Companies will typically need different measures for different aspects of the customer experience/journey. One overall NPS style measure is supported by moments-of-truth measures, journey measures, complaints ....
- Recognise that different geographies/cultures will innately score differently, eg. where one country may deem 9/10 a great performance, another may see 6/10 as great
- The direct correlation of the external customer satisfaction measure to internal OPIs/KPIs can be significantly advantageous. Not only can it validate the external measures, it can also enable companies to predict movement in satisfaction
- The nirvana is to link customer satisfaction measurement to the key customer value measures: loyalty, recommendation and share of wallet. Albeit is often impossible to show direct linkage (without control groups etc.)
- Some companies find NPS and other subjective customer satisfaction measures relatively 'hard' to comprehend, compared to the other key business measures such as costs, waste, profits ....
- The smaller the client/customer base, the easier it is to take a more personalised, bespoke method to understanding customer satisfaction
- Measuring relationships / difficult behaviours / coercion
- The more involved companies get their broader employee base in the measurement, the more they will understand its meaning and importance. Companies often invite Exec through to shop floor employees to focus groups to hear the experience first hand. Others video or capture detailed reports and publish them for internal consumption
- It is often meaningless to look at customer satisfaction measures in isolation. But it can be advantageous to compare customer satisfaction measures against competitor or comparative non-competitor businesses. For example, scoring 9/10 might seem good but if the direct competition is all scoring 9.9/10, then it's not
- Companies should tread carefully with the incentivisation of customer satisfaction. As with any reward, over-compensation can occur where companies/individuals become blinded by the reward, rather than doing-the-right-thing, regardless of reward.

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### Managing under/worst served customers

- Companies often focus on two NPS clusters to maximise returns - these are shifting the NPS 7-8 segments to 9-10 and then getting detractors (NPS 1-3) to mid table
- The actions required to gain incremental improvements are often vastly different to those worst-served customers
- Typically, worst served customers are often due to either a service failure, or where there are systemic business failings for that segment/cluster of customers
- It is well documented that turning a disgruntled customer to a satisfied one can lead to them becoming your strongest advocates. Customer complaints can be seen as an opportunity.

### Change

- No matter what your customer satisfaction scores are, if you consistently deliver the same experience, the likelihood is that your customer satisfaction scores will deteriorate over time. This is because customers' expectations typically only increase over time (driven by other experiences they may get cross-sector)
- It is rare that customer services can be delivered in isolation. It may be events or changes across the domain that impact your customer's experience directly. Or indirectly, which may lead to them changing their behaviour or expectation, leading to them no longer being satisfied with your services. It may even be changes introduced by regulators or political regimes - or even events that impact a competitor that tarnish your business
- The drive for consistency can also reduce innovation. New policies and processes need to be tested in the customer environment to see how they affect experience. The ability to test and learn should be built into a company's customer relationship.

### Other

We touched on cost to serve in two ways

- Diminishing returns. i.e. if you are at 9.5/10, the ROI to get to 9.6/10 may not be justifiable. Having a score of 9.5/10 might be great. But it may be at considerable cost and therefore might be more appropriate to understand how a business can maintain the 9.5/10 score, through incurring less cost.
- The importance of brand and trust are empirical. If a business's brand has a values-based connection with its customers and is instinctively trusted, the customers will forgive them for service failures, as they will know that they were unintended
  - The importance of brand reputation is further heightened when the brand's actual touchpoints with customers is typically low

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- Where touchpoints are volumetrically high, customers will make their own mind up about how they personally see their own experiences
- Where touchpoints are volumetrically low, customers' views will be heavily influenced through the stories they hear from other customers' experiences.

As with any measurement, the results must be statistically significant to drive corresponding action. If response rates to surveys are typically low, then the use of other methods must be deployed to validate the findings.

Low response rates to customer surveys make it difficult for industries to identify customer needs that an industry has come to accept as part of doing business.

Industries can fall into the trap of accepting some areas of customer experience as 'this is what we do'. A good example is parcel delivery now recognising that a customer signature is not needed, a development that is to everyone's advantage as it allows deliveries to flow and customers are happier. Inevitably there are still some problems, but ways are found to mitigate them.