

FACTORS LEADING TO AN IMPACTFUL VOICE OF THE CUSTOMER PROCESS

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SPECIAL REPORT

FACTORS LEADING TO AN IMPACTFUL VOICE OF THE CUSTOMER PROCESS

Findings from the 2019 Voice of the Customer survey.

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n reviewing recent industry research, we are surprised at the absence of four important aspects critical to Voice of the Customer (VoC) process success. Customer Care Measurement & Consulting (CCMC) has updated a VoC study first reported in *Contact Center Pipeline* in January 2012 (“Improving the Customer Experience”), and found these same factors are still important but generally lacking in most VoC approaches. These factors were:

- Explicit inclusion of the Quality function as a key part of the team
- Creation of a specific revenue-based business case in the content of the VoC presentation
- Expansion of the range of data included in the VoC to go beyond touchpoint data
- Use of specific measures of VoC impact, such as percentage of issues raised that are resolved

KEY FINDINGS

The updated CCMC study used three outcome variables to measure VoC process success: percentage of issues identified by the VoC that were fixed, the rate of increase in year-over-

year customer satisfaction, and consistent input to current and new product innovation. We rejected a dimension used by other benchmarking studies as being too subjective: self-reported level of VoC success.

The most successful processes based on the above success metrics are differentiated by the following factors:

- Service executives (SE) who partner with Quality to lead the VoC process, or a cross-functional committee, produce a VoC that creates much greater impact on year-over-year increase in customer satisfaction.
- Coordinated data collection across the entire customer journey that draws upon operational data, employee input and touchpoint data to describe the customer experience (CX).
- The production of a unified analysis of the data sources vs. analyzing them separately.
- The creation of a compelling business case, accepted and endorsed by the CFO, which quantifies the revenue, customers at risk, word-of-mouth (WOM) cost of issues and the cost of not taking action.
- Measurement of the impact of the VoC process by tracking the resolution of issues identified. Companies that have

a high rate of fixing issues raised by the VoC also exhibit a much higher year-over-year increase in customer satisfaction. Sadly, a significant number of companies are not even measuring the impact of their VoC. If the impact is not measured, how can it be evaluated?

METHODOLOGY

CCMC, *Contact Center Pipeline* and Arizona State University (ASU) Center for Service Leadership (CSL) surveyed about 100 organizations that were considered leaders in CX and/or were members of the ASU CSL Board. This sample was supplemented by representatives drawn from *Pipeline's* subscriber base of companies with over 100 employees. A total of 114 companies provided relatively complete responses to support the analysis. One-half of the respondents were Service executives, one-third of respondents were from the financial services industry with strong representation from manufacturing, technology and healthcare industries. Sixty companies provided data on at least one of the two impact criteria contributing to VoC process success.

Two criteria were used to indicate high-performing VoC processes. First, if the VoC process addressed and resolved at least 25% of major systemic customer issues identified, it was viewed as effective. Exactly half of the companies met this criterion. Further, if the company experienced an increase in year-over-year customer satisfaction of at least 2% per year, the VoC process was viewed as effective. There were 43 companies that had such increases with 35 having 2% to 4% increases and eight companies having greater than 4% year-over-year.

We agree that the year-over-year satisfaction increase metric could be a result of many other activities but believe that it is at least correlated with an effectively implemented VoC process. In fact, **TABLE 1** shows that there is a strong correlation between these two metrics. Seventy-two percent (72%) of companies where many systematic issues were resolved also showed a 2% or more increase in customer satisfaction. Only 51% of companies with weaker resolution outcomes had similar satisfaction increases.

TABLE 1: Correlation Between YOY Satisfaction and an Effectively Implemented VoC Process

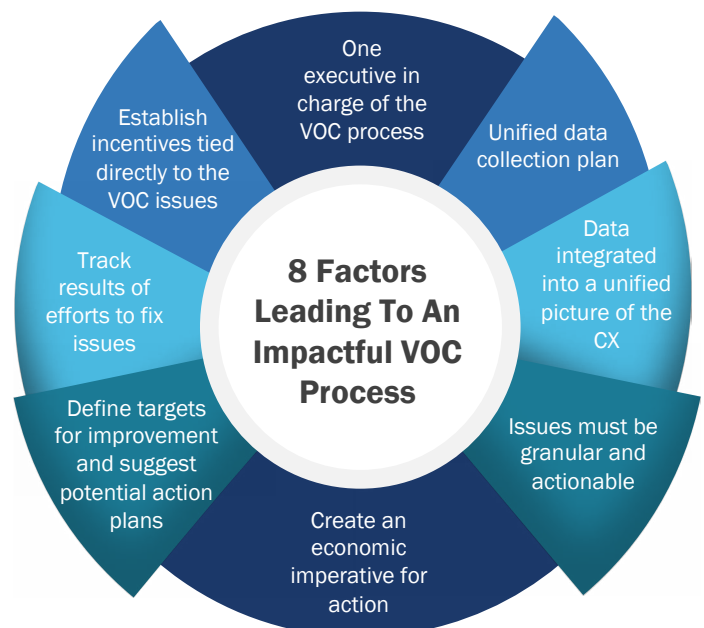
		Year-over-Year Satisfaction Increase of 2% or More	
		YES	NO
More Than 25% of Systemic Customers Issues Were Resolved	YES	72.4%	27.6%
	NO	51.6%	48.4%

CHALLENGES AND OPPORTUNITIES

The study reinforces the importance of the eight factors for an effective VoC process that are described in the recently published book, “Strategic Customer Service” (John Goodman & Scott Broetzmann, Harper Collins, March 2019). **FIGURE 1** portrays these eight factors and each factor is briefly described below.

- 1. ONE EXECUTIVE IN CHARGE OF THE VOC PROCESS:** Without unified process management, the chances that data will be collected in a granular, compatible manner is very small.
- 2. UNIFIED DATA COLLECTION PLAN:** Data from surveys, customer contacts, social media, operational data and employee input must be gathered across the end-to-end customer journey including marketing, sales and customer onboarding.
- 3. DATA INTEGRATED INTO A UNIFIED PICTURE OF THE CX:** The differences in the data’s representativeness must be reconciled so that all the data can be integrated into a single picture of the customer experience that is accepted by every corporate function.
- 4. ISSUES MUST BE GRANULAR AND ACTIONABLE:** Broad categories of customer points of pain are inactionable. Usually, at least 40 to 70 categories are required to support prevention and mitigation plans.
- 5. CREATE AN ECONOMIC IMPERATIVE FOR ACTION:** The revenue and word-of-mouth damage of each issue must be quantified in a manner acceptable to the CFO.
- 6. DEFINE TARGETS FOR IMPROVEMENT AND SUGGEST POTENTIAL ACTION PLANS:** Each VoC issue should be accompanied with a proposed action plan and a process metric to allow tracking of progress without executing another survey.

FIGURE 1: Eight Factors for an Effective VoC Process




7. TRACK RESULTS OF EFFORTS TO FIX ISSUES: The degree to which each identified major issue has been mitigated or eliminated should be tracked and reported at least quarterly.

8. ESTABLISH INCENTIVES TIED DIRECTLY TO THE VOC ISSUES: Each functional leader should have incentives associated with the VoC for which they are accountable. As described in John Rossman's "The Amazon Way," while many issues are cross-functional, a single manager must be responsible for particular issue resolution. This manager then owns and must manage all the dependencies on other functions.

WHO IS ON THE TEAM IS IMPORTANT

Our study found that VoC processes led by a cross-functional team were generally the most effective. A critical participant is the Quality function. The study revealed that 84% of companies achieving the highest rate of year-over-year satisfaction improvement were led by the Quality function. Other individual leaders with above-average performance were Strategic Planning, IT, Service, CX and Sales. In every case where Quality and Market Research are on the team and participate in a VoC process across all functions, the positive impact was well above average. The other observation this data suggests is that there is no one area that has a leadership monopoly on success. Collaboration is critical.

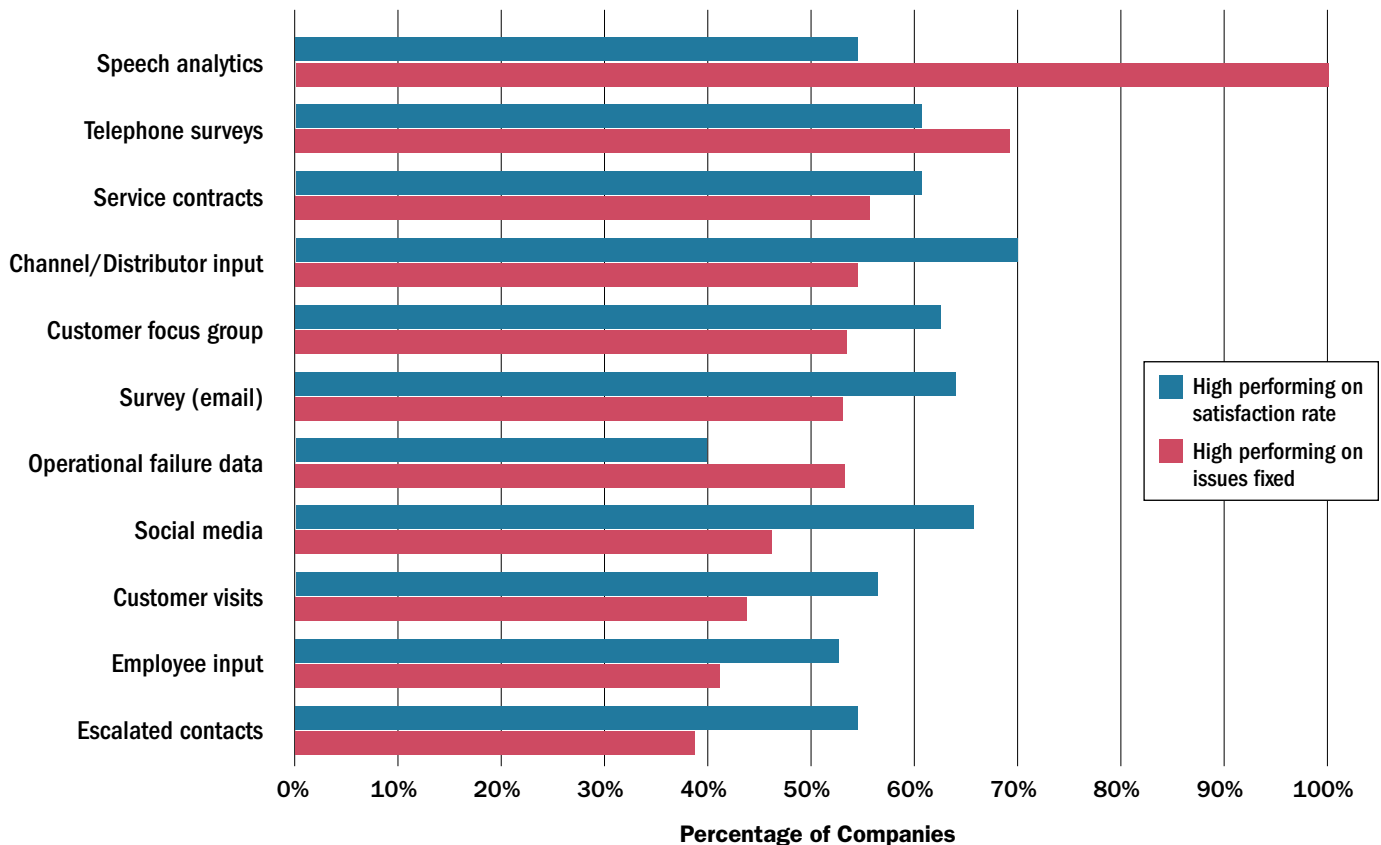
A second important factor is the creation of an executive position that is formally or informally responsible for CX across the entire customer journey. Companies with a position accountable for CX (separate from VoC) have much greater success in VoC impact and rate of customer satisfaction improvement. This person can act as an advocate for addressing and bringing difficult cross-functional CX issues to top management. However, the person accountable for CX does not necessarily manage the entire VoC data collection and analysis process. This person is much more successful when armed with a strong, revenue-based business case and metrics describing the extent that functional managers act on the VoC output.



CALL TO ACTION:

- Corporate Quality, Customer Insights (CI) and/or Market Research functions provide analytical and project management expertise, which enhances the Service and Marketing executives' ability to leverage the data. Quality and CI must be included on the CX team.
- An executive advocate for CX should be designated. This action will lead to increased positive impact even if the CX position lacks line authority over the actual VoC collection and analysis.

FIGURE 2: Type of Data Collected vs. Percentage of Companies with Effective VoC Processes



BOTH THE DATA COLLECTION PLAN AND THE DATA COLLECTED ARE IMPORTANT

DATA COLLECTION PLAN

The data collection plan should cover all the data sources to be used to describe the entire end-to-end customer journey. Eighty-six percent (86%) of companies use a single unified data collection plan across all data sources to ensure that data compatibility is high-performing, meaning that they have high satisfaction rates and high issue resolution. Data compatibility requires the same level of granularity and similar classifications for all customer issues. Only 45% of companies that coordinate some or few of the data collection mechanisms are high-performing.

Data on marketing and sales processes (including customer onboarding) tends to be either not collected by companies or is not included in many reporting systems. Recent CCMC literature searches and executive interviews find that Marketing and Sales traditionally resist application of quality process improvement techniques because of the perception that sales are produced by nothing but relationships and benefit statements (“Quality’s New Frontier: Applying Continuous Improvement Tools to Marketing and Sales,” John Goodman and Ken Feldman, *Quality Progress*, June 2017). In fact, customer education and warning about potential limitations builds trust and transparency. Unfortunately, customer onboarding and education are the most poorly performed functions in most companies with little or no data collected on the effectiveness of this part of the CX.

TYPES OF DATA COLLECTED


Our study collected and inventoried 11 types of data and compared them to the VoC process effectiveness to identify if certain types contributed to success (as measured by issues fixed and increased satisfaction rate). (SEE FIGURE 2.) We were surprised to learn that every VoC process that was using speech analytics also was high-performing on getting issues fixed. It may be that, besides being able to draw on more data sources, such as call recordings and email texts, the actual statements of customers and sentiment analysis better engages the internal executive with the emotional impact of the information.

Besides speech analytics, another new entry into the VoC domain is operational failure data, which describes the CX from the customer’s perspective, e.g., actions that the company is about to take with respect to the customer. This highlights issues that otherwise may not be reported. Examples of such actions include slow internet download due to network congestion, late or short shipments, and problems due to customer misuse and misunderstanding of products. Further, data from the sales and marketing process, such as customer’s lack of use of onboarding educational materials and videos, will highlight potential problems in advance.

Fifty-four percent (54%) of companies that are high-performing on getting issues fixed made use of operational exception and process failure data. This data source is growing in popularity as it allows companies to be more proactive—reaching out to the customer before the problem actually occurs. This is because

such data is highly credible to other functional areas and cannot be argued as “customers’ opinions.”

One best practice for identification of emerging trends is to provide frontline service employees with an email box at the VoC analyst to flag any strange contacts that may indicate an emerging issue. It is the job of the analyst to sort through the 97% chaff to find the few issue kernels much earlier than they would normally be identified.



CALL TO ACTION:

- All data should be collected using an overall data collection plan to ensure that it is compatible and credible to other parts of the organization.
- Operational exception data from across the customer journey, data from speech analytics and records of simple questions (that are often not logged) should be included to identify issues not captured by surveys and touchpoint data.
- Speech analytics should be considered for its ability to gather and make compatible a broad range of data.

ANALYSIS MUST BE CENTRALIZED AND INCLUDE A BUSINESS CASE ACCEPTABLE TO THE CFO

Analysis is best conducted by a committee that meets periodically. Seventy percent (70%) of companies using a committee model are high-performing versus 37% that are not high-performing because their analysis is fragmented or performed by only one function. We suspect that joint analysis leads to joint buy-in by all the functions.

The confluence of multiple types of data describing the same event can support creation of a much more compelling case for action. For instance, if a shipping company has operational exception data that a container with 300 packages missed a connecting flight, this data can be combined with complaint call data, which can describe how effective recovery was, and with satisfaction survey data that describes the damage to loyalty, revenue and WOM. The exception data will provide the most accurate estimate of the number of customers affected while the survey data provides an estimate of the damage to loyalty and WOM.

CFO SUPPORT HAS BECOME LESS CRITICAL

In the 2012 study, CFO support of the business case was very critical to high-VoC impact. In 2019, 47% of the respondents reported that the company’s CFO accepted the business case for a better CX and 49% reported that at least some aspects were accepted by the CFO. Overall, 66% of companies where the CFO at least *partially* bought in had high rates of satisfaction increase and 52% had success in getting issues resolved. This is a reduction in the strength of the correlation from 2012 and suggests that Finance is not as critical to VoC success, Finance has become more savvy about CX, or other forces are championing CX (more robust Service, CX and Quality functions).

BUSINESS CASE

A business case at the customer problem or issue level compels action. The most powerful dimensions reported are the number of customers at risk due to the issue, revenue-at-risk and WOM impact. WOM and margin (sensitivity to price) are especially compelling to Marketing executives because customers acquired by WOM are less price sensitive and 26% more valuable in long-term revenue. Further, the cost of customer acquisition via WOM is much lower than other marketing mechanisms.

The survey found that companies presenting a business case based on revenue, customer at risk and WOM were significantly more likely to have a high rate of satisfaction increase. The aspect that had the greatest leverage was WOM. This is logical in that Marketing and Sales are now strongly focused on issues that negatively impact WOM and social media. Surprisingly, there was not a strong impact of business case on getting issues fixed as in the 2012 study.

INPUT INTO INNOVATION IS NOT A GIVEN

Seventy-seven percent (77%) of companies that had a strong VoC process for fixing issues also reported to be consistent contributors to new product innovation. There was a weaker linkage with innovation in Sales and Marketing and innovation in current products (58% and 54% having consistent input into innovation, respectively). The leadership function with the strongest consistent impact on innovation is Quality, which provides the highest input to innovation with current products, as well as with new products and Marketing and Sales.

CAUSES OF CUSTOMER PROBLEMS

Part of problem analysis is identifying the root cause of the problem so that preventive strategies can be developed. CCMC has found that problems caused by customer error or incorrect expectations usually contribute to 20% to 30% of the total universe of problems. Respondents confirmed that estimate with the data shown in **TABLE 2**.

This finding is important because many Quality and Process Improvement managers focus on the product as the root cause

of customer dissatisfaction, ignoring customer use and perceptions. When customers fail to completely read directions or detailed marketing messages, many problems cannot be rectified by fixing the product. Prevention can only be achieved by “fixing the customer.”



CALL TO ACTION:

- A centralized analysis team must be created to assure buy-in and impact.
- The analysis should estimate customers at risk by individual issue along with conservative estimates of associated revenue and WOM.
- A key part of the analysis should identify issues due to customer error and incorrect expectations, which can be addressed by more transparent marketing and customer onboarding.
- The business case should be validated with the CFO or the resident financial cynic so they will support your analysis when asked.

MULTIPLE PRESENTATION FORMATS ARE IMPORTANT

Seventy-seven percent (77%) of high-impact VoC processes provide online data warehouses and reports, and 74% have at least quarterly C-suite meetings. Fifty-four percent (54%) of processes tailor reports to individual functions.

Best practices are to suggest plans of attack for specific issues identified by the VoC process along with both process and outcome metrics for tracking progress. Based on the business case analysis mentioned in the previous section, each issue discussion should also provide a monthly cost of inaction. If the report quantified the cost of inaction, it creates incentive for action.

An additional best practice is to follow up each report with a meeting that provides stories or recordings of actual customer phone calls or interviews. This approach “humanizes” the data, expanding it from a number, e.g., 85 customers, to the story of one particular customer.

TABLE 2: Problems Caused by Customer Error or Incorrect Expectations

Percentage Caused by Customer Error or Expectation	Percentage of Respondents	Weighted Average
Less than 10%	10.2%	28.6%
11%-20%	38.6%	
21%-30%	25.0%	
31%-50%	15.9%	
>50%	10.2%	



CALL TO ACTION:

- Tailor the VoC report to each audience. Simplify the presentation, eliminating large data charts and tables. Highlight three types of opportunities relevant to the reader:
 - Quick hits with high probability of success.
 - Major issues with significant revenue impact along with targets and process metrics.
 - Potential emerging threats and opportunities.
- Follow up with a meeting to assure acceptance and reinforce urgency.
- Provide a data warehouse so that individual functions can explore the VoC on their own.

MEASURING VOC PROCESS IMPACT

Of the 115 companies that responded to the survey, only 61 (53%), or about half, were able to report the percentage of issues identified by the VoC that were addressed and resolved within a year. Seventy-seven percent (77%) were able to report their year-over-year trend in satisfaction. Companies that did not measure the impact of the VoC were much more likely not to have improvements in satisfaction year-over-year, and several actually reported significant declines.

An additional important use of the VoC is making input to innovation. Companies with strong VoC processes were twice as effective in consistently contributing to new product innovation (77% vs. 34%), but were no more effective in innovating in sales and marketing or current products.

While the three metrics used in this study (percent of issues fixed, year-over-year satisfaction increase, and input into innovation) are all relatively blunt instruments, we believe they are better than those used in the past and suggest a path for further refinement and research.

OTHER BEST PRACTICES FOR MEASUREMENT

- An additional metric of VoC impact is to measure use of VoC data as well as actions taken by individual managers.



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- One company monitors downloads from the data warehouse and reports those who do not download to management.
- One VoC director interviews managers to ascertain what actions they have taken based on the VoC reports.
- A leading company assigns each cross-functional VoC-identified issue to one particular functional manager with the understanding that the manager is responsible for gaining cooperation and achieving the cross-functional solution. Several companies have created strong incentives specifically associated with action taken on VoC-identified issues.



CALL TO ACTION:

- Track the impact of the VoC process on major issues identified and report quarterly.
- Compare emerging issues identified by the VoC process before they surface from other information sources.

IMPLICATIONS AND RECOMMENDATIONS

The survey revealed that only about half of companies drawn from a well-respected universe are effectively managing and measuring their VoC processes. CX and VoC managers can make progress on this journey by pursuing five questions and seeking concrete answers within their corporate culture.

1. What data sources exist that will reliably describe the customer journey from the first marketing touch to final product use?
2. Are we collecting data on each phase of the customer journey in a manner that is compatible, allowing creation of a single, unified picture of the CX?
3. Are all the key functions involved in the analysis of the data, including Quality, and is there a single leader or coordinator?
4. Does the analysis produce a business case that includes revenue and WOM implications overall and at the issue level?
5. Are we tracking the impact of the VoC in terms of actually getting issues resolved and input into product and process innovation? ☺

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