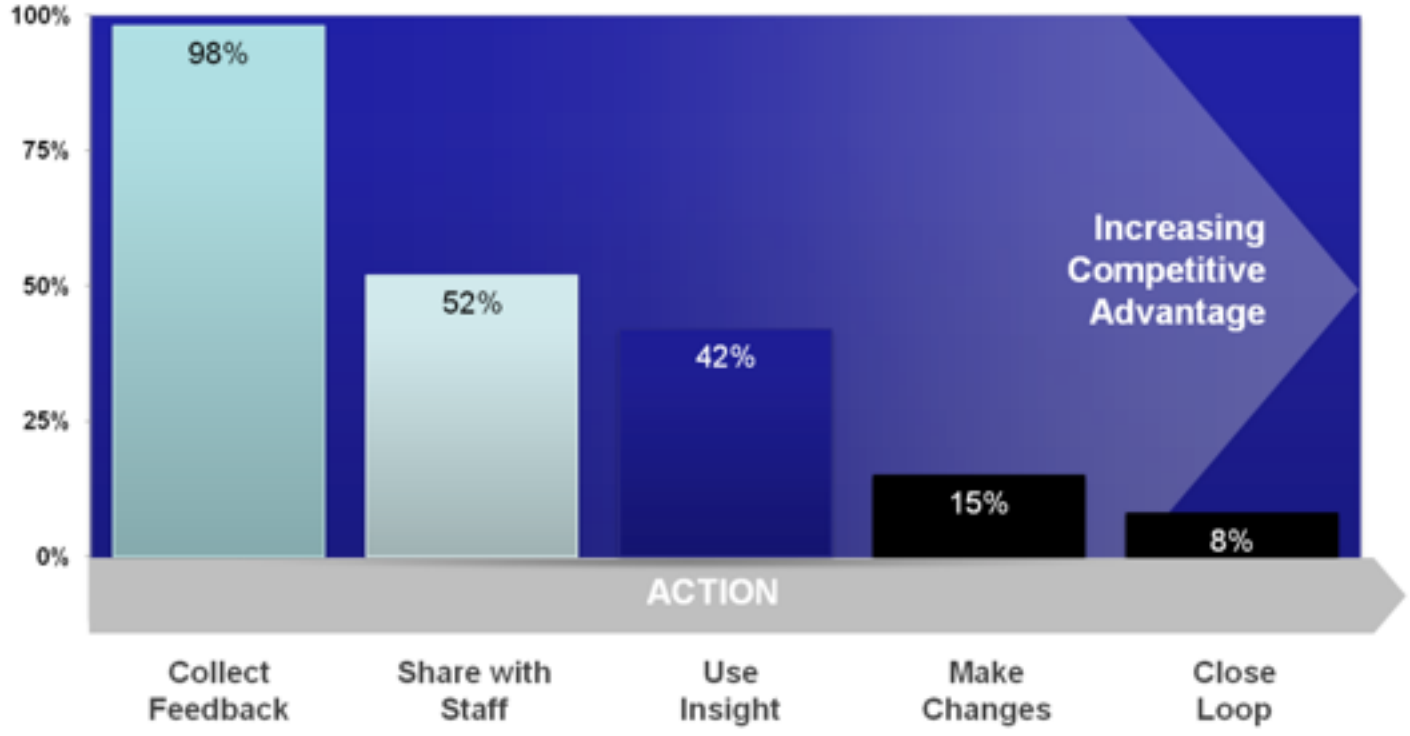
Leveraging Customer

The Hidden Gold in

Recent research, as indicated in figure 1, suggests that as many as 98% of organizations collect customer feedback, largely in the form of surveys, yet far fewer actually share the insights gained through those surveys with their internal staff. Even fewer companies actually apply those insights toward improving products and services to customers. Could it be that surveys are mostly designed around the acquisition of quantitative metrics, simply because those results are much more easily assimilated? Could it also be that companies want to be able to say they collect customer feedback, yet lack the commitment to take action? Whatever the reason, one thing remains clear. Quantitative survey results provide little more than a scorecard of performance much like a high-school report card. It's nice to know—essential in many instances—how your customers are rating you. Yet little else can be gleaned from just numbers, if you really want to gain insights and apply them toward improving customer satisfaction and loyalty and in turn increasing your competitive advantage.

Surveys
Qualitative Feedback

Figure 1: Source: eVergance (October 2008)



Let's begin by putting customer feedback into context with a Customer Experience Management (CEM) process. Figure 2 indicates that there are three distinct phases of CEM—listening, analyzing, and acting. Listening is where we receive customer feedback either through intentional solicitation or through voluntary channels such as incoming calls, website, or social media. We will focus on intentional solicitation within this article as it pertains to the design and application of surveys. Once we have a well designed survey yielding actionable customer feedback, we can then begin the analytical phase. This is something we will discuss in further detail. Emerging out of the analytical phase is where gain key takeaways and insights that can then be applied to improving both services and product offerings.

Figure 2 – A Customer Experience Management Process

So let's begin to discuss survey design in more detail and why qualitative customer feedback is so important to process improvement. As a guideline to developing survey content, we suggest using the survey design matrix show in figure 3. Across the top are the three key aspects of any business—products, process, and people. Along the side are the major attributes that most organizations wish to measure. Each of the nine empty boxes in the matrix is where you would start creating survey questions. For example, looking at the product column, questions about product could be framed around quality, value with respect to price, or brand image; brand trust; or innovation. Considering that we want to obtain actionable customer feedback that will allow organizations to improve process and increase their competitive advantage, we need to discuss both quantitative and qualitative question development.

Figure 3 – Survey Design Matrix

	Product	Process	People
Quality			
Value			
Image			

When designing customer satisfaction and loyalty surveys you have a choice of two general types of questions to choose from—quantitative and qualitative or open-ended. Quantitative questions have either binary (yes/no) or multiple-choice answers either from a list of options or numbers chosen on a rating scale. Typical rating scales are 1 to 5, 1 to 7, 1 to 10, and more recently 0 to 10. By comparison qualitative or open-ended questions are answered in freeform text that generates verbatim comments. We believe both quantitative and qualitative style question are important. One does not outweigh the value of the other. Together they provide you the most complete picture—one that leads to action.

Many organizations today have adopted a Net Promoter Score (NPS) approach to surveying. We felt it important to mention this here because the concept is quite simple and thus alluring. Pioneered by Fred Reichheld, in a Harvard Business Review article published in 2003, the NPS approach prescribes just two survey questions—one quantitative and the other qualitative. The respective questions are "How likely are you to recommend our company to a friend or colleague?" and "Could you please explain the reason why you rated us as you did? In NPS theory, these are the only two questions you need to improve process and become more profitable as an organization. The 0 to 10 scale is used where 0 means highly unlikely and 10 means highly likely. Answering the "likelihood to recommend" question either 9 or 10 says you are a promoter. Answering with either a 7 or 8 says you are passive or uncommitted. Finally, answers from 0 through 6, say you are a detractor. The percentage of promoters minus the percentage of detractors gives you your Net Promoter Score. The qualitative follow-up question is supposed to provide you with both the reason why and the means to action. We believe that 2-questions surveys are insufficient in providing the kinds of deep insights necessary to create change and improve business outcomes. We do recognize the value of the 0 to 10 scale however. It is intuitive and works well internationally. It provides sufficient granularity without going overboard. Misinterpretation of the low end is virtually eliminated by having a 0 digit. It includes a mid-point (5) and it is becoming more widely adopted as the preferred scale due to the NPS concept being based on the 0 to 10 scale. To be fair to the other scales, they all work and therefore consistency in measurement is the most fundamental rule to follow.

The objective of launching a survey is not to prove to yourself that your business is really good. The objective is to collect enough information to understand which activities, or touch points in CEM language, are meeting or exceeding your customer's expectations and which ones are causing angst. The former should be carefully improved to keep retain customers and the later must be assertively improved before your customers decide to leave you and move on to your competition. This requires two things.

1. Enough quantitative data to point out the degree to which your touch points are working and which of those need an overhaul – and allow you to prioritize actions based on how much pain it causes your target customers
2. Enough qualitative insight to show what in particular is not working and what is or needs slight modification. This becomes the crux of actionable insight.

Obtaining the required insight can generally be accomplished with several quantitative questions and a few qualitative ones. Balance is of course the key here. Quantitative results give you quick summaries and immediately reportable numbers. Qualitative questions yield rich open-ended text which must be analyzed. However, this takes more time, more effort, and more resources. The advantages and disadvantages or both types of questions are outlined in the table in figure 4.

So what is the trade off, the right balance, the recipe for success?

Figure 4 – Qualitative vs. Quantitative: Advantages & Disadvantages

Quantitative Questions	
Advantages	**Disadvantages**
1. Easy to construct 2. Easy for recipients to answer 3. Easy to analyze and present on graphic or tabular form	• Key points could be missed if the answer choices did not include the respondent's preference • Does not account for emotion or sentiment
Qualitative (open-ended) Questions	
Advantages	**Disadvantages**
• Provides rich content from which actions can be based • Reveals emotion and sentiment (critically important when analyzing)	• Difficult to consistently analyze as the number of responses increases • May lead to skipped answers or abandoned surveys if respondents are asked too many open-ended questions

So what is the trade off, the right balance, the recipe for success? Unfortunately, achieving maximum response to a survey is part art and part science; there is no "one size fits all" solution. Some high volume B2C companies send out a short survey after each transaction as was discussed previously that includes the NPS question of "likelihood to recommend" followed by a "Why did you rate us as you just did?" or "What do we have to do in the future for you to continue to rate us this way?" depending on the response selected on the 0 to 10 scale. Other follow-on questions could include "What do we have to do to earn a higher score?" or "What do we have to do to improve the quality of your experience with us?" Shorter surveys are more easily completed and result in higher response rates.

On the other hand, some businesses experiment with a more balanced approach between both types of questions and others simply accept what they get in return with little concern for response rates. The volume of feedback that is possible with more qualitative open-ended questions can be overwhelming so balance here is definitely recommended. By contrast, there are times when qualitative feedback within a survey is more essential.

We have identified three generalized approaches to consider when analyzing verbatim comments, depending on volume of surveys and the number of open-ended questions. These are shown in the table in figure 5.

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Figure 5 – Approaches to Text Analysis Based on Volume of Verbatim Comments

Volume	Recommendation
Low (< 500)	One person reads, categorizes, and summarizes all responses. This can be time-consuming and error-prone based on a singular perspective.
Medium (500-1,000)	Three or more people read, categorize and summarize responses after developing a common and agreeable category list. This can still be time consuming but additional perspectives can help minimize errors.
High (>1,000)	Consider using a text mining system. The learning curve may be steep and the expensive prohibitive but accurate and insightful results can be quickly obtained.

Figure 6 – Open-Ended Questions and Prime Advantages

Qualitative Question	Reason for or Value Obtained
If you had to make the decision to work with us and knew then what you know about us now, would you make the same decision again?	Brings the customer's current experience to the forefront and gives you advanced notice on their propensity for defection and time to intervene.
Which company, that you do business with, do you consider best-in-class and why?	Provides insight as to whether you are perceived as best-in-class compared to other organizations in the eyes of your customer. Also shows which companies you are being measured against.
What actions on our part would make you stop purchasing from us?	Gives opportunity for changing best-practices, especially when many customers offer the same or similar answers.
What can we do to ensure that you will continue to purchase from us?	Bring new opportunities to serve customer into play and identifies specific customer preferences.
How can we differentiate ourselves from other suppliers of similar products or services?	Provides insights into competitive advantage and what you may need to do differently for your business to survive.
Do you find that all of the people you interact within our company are focused on you and your business?	Give a clearer picture of just how customer-centric your organization is and how well you are perceived as a whole in supporting your customer's best interests.
If you could change anything about what we do to serve you, what would that be?	Provides insight in to what your business needs to change now or where your business may need to go in the future.

"OK now that we know where we ***stand,*** *where do we go from here? "*

Once a company begins to gain actionable insights from verbatim comments they will probably expand their horizons and begin to seek the same kind of information from other sources such as:

- Data within a CRM system
- Email transactions
- Web 2.0 transactions such as blogs or Twitter
- Review of websites such as JD Powers or Consumer Reports

Now that you see the advantages of and how to use and analyze open-ended questions let us share some high-gain question we have found to be particularly effective in returning rich verbatim content along with our explanation as to why each is valuable.

The examples you see in the table in figure 6 represent merely a quick snapshot of what is possible through the use of carefully constructed qualitative or open-ended survey questions. The resulting verbatim commentaries they generate can be quite extensive. Often several key insights can be obtained from just one customer's response. By having a complimentary balance of quantitative questions supported by a reasonable level of open-ended questions, you will be able to gain important insights and report immediate scorecard results and findings to gain quick attention and then have the backing information you need to answer the next logical question to be asked—OK now that we know where we stand, where do we go from here?