

Make Your Center the Focus of an Actionable VOC Process

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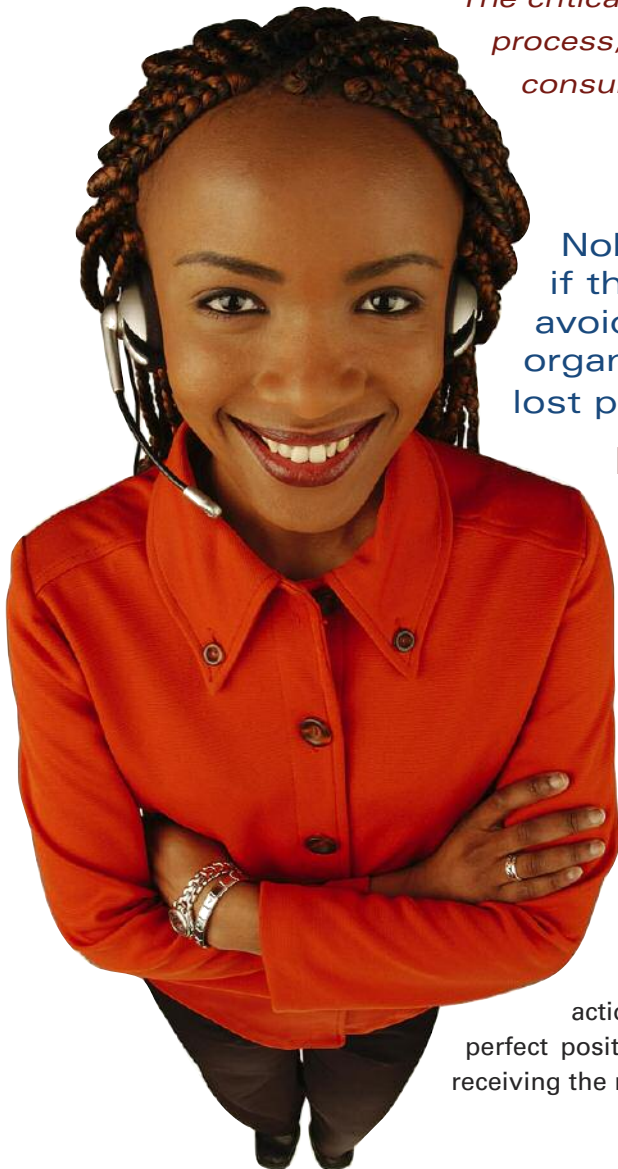
The critical functions required for an effective VOC process, and the benefits of deploying it with a consumer relationship system (CRS).

Nobody likes unpleasant surprises, particularly if they signal missed opportunities and avoidable missteps that bring losses to the organization — lost market leadership, recalls, lost profits and lost market share.

Have you ever encountered any of the following experiences?

- > A product problem that resulted in a spike in support calls, a recall, or regulatory action that seemed to come out of the blue.
- > A competitor introduces a product or service that is clearly superior to yours that you could have also produced had you recognized the opportunity.
- > Complaints from customers or channel partners about quality issues when products leaving the factory meet specs literally 100% of the time.
- > Completely contradictory input from sales, service and operations or manufacturing on what an updated product or service should look like.

The underlying cause of all of these surprises is the lack of an actionable Voice of the Customer (VOC) process. The call center is in the perfect position to rectify this weakness because the call center is constantly receiving the most timely, comprehensive input from customers.



Impact of Delight Experiences on Customer Loyalty

Delight Experience	Percent Increase in Loyalty and Willingness to Recommend (Top Box)
Service beyond expectation	12%
Assistance during life event	14%
No unpleasant surprises	22%
Friendly staff interaction over the phone or at retail	25%
Personal relationship over time	26%
Tell me of new product or opportunity I can really see	30%
Consistently good service	32%
Provide information proactively on how to avoid problems	32%

WHY HAVE AN ACTIONABLE VOC PROCESS?

At the macro level, a VOC process is logical because an accepted key to success is being responsive to your customers. However, TARP has observed that only about half of companies have a coherent VOC process and, of those, over half are not very effective. Therefore, three out of four companies really do not have an effective VOC process. Why is this? And why should you care if your company is in the three quarter majority who are non-performers?

Quantify the damage to revenue when customers' needs are not met. TARP's first study for the White House Office of Consumer Affairs in the 1970s revealed that consumers with problems who did not complain were less loyal and shared their unpleasant experience with friends. However, those who did complain and had their issues resolved were more loyal and spread positive

opinions. Subsequent studies confirm initial findings. Consider these research highlights:

> Traditionally, half of consumers complain about a serious problem to a front-line retail representative. In business-to-business environments, three quarters of clients complain to a front-line rep. But only one out of 100 to 500 problems is addressed to a senior executive.

> Complaint rates vary by type of problem from one per two problems to one per two thousand problems.

> Word-of-mouth varies by product, but generally twice as many people hear about a bad experience as a good one. Personal interaction over the phone has up to 20 times more impact than advertisements in shaping customer opinion about a company.

> TARP's original research showed it is five times more expensive to win a new customer as to keep a current customer; depending on the industry, the ratio varies

▶ Cost-Benefit Calculations

Calculation for moving a customer with a problem from non-complainant to satisfied complainant:

Typically, moving a customer with a problem from non-complainant to complainant to a satisfied caller raises loyalty about 30%. Conservatively, that means handling a customer at a cost of \$5 will yield a payoff of (.30 increase in loyalty) x (.75 satisfied) x \$30 value = \$6.75 or a return on investment (ROI) of 29% (\$1.75/\$5 cost to handle). If, conservatively, one out of 10 satisfied customers produces a positive word-of-mouth referral (one new customer for every 40 who hear good things), that adds an additional \$3 payoff for each customer satisfied, raising the ROI to 95%.

Calculation for the payoff after using resources to move complaining customers from dissatisfied to satisfied by spending an additional \$5 on talk time and goodwill:

Moving a customer from being dissatisfied to being satisfied usually produces a 50% increase in loyalty. For the above situation, the calculation of impact is (.50) x \$30 = \$15, for a 50% ROI (\$5/\$10 cost to handle). With word-of-mouth referral payoff added, the ROI rises to 80%.

from 2 to 1 to as much as 20 to 1.

Quantify the payoff of exceeding customer expectations. The challenge in making delight a part of a marketing strategy is quantifying the payoff of specific delight experiences.

Customer feedback regarding delight experiences indicates that they tend to fall in common sense categories like those outlined in the chart above. As the chart indicates, all delight experiences create tangible increases in loyalty. However, our research findings in a variety of industries indicates that actions that take the most effort by the company, such as handholding during a tragedy and expediting complex transactions, do not necessarily result in the greatest lifts in loyalty. The most frequent delighters that provide moderate to high lifts in loyalty are those easiest to execute — no unpleasant surprises, consistently good service and a personal relationship. None of these practices should require any extra effort or training for employees. *The key is doing the basics well.* Finally, many of the delighters creating the greatest lift in loyalty, like cross-selling and proactive education, actually make the company money and reduce customer problems and, therefore, service expense.

Quantify the payoff of soliciting and handling complaints well. In most consumer products and services industry sectors, a customer who complains and is satisfied by the follow-up resolution is 30 percent more loyal than a non-complainant and 50 percent more loyal than a complainant who remains dissatisfied with the follow-up resolution. In the box on the previous page, are two simplified

cost-benefit calculations for getting customers to complain and for satisfying them, and spending more to satisfy customers rather than leaving them dissatisfied. In both models the assumptions are: 1) that the customer is worth at least \$30 in profit over a year's time; 2) the cost of handling the complaint is about \$5; and 3) the company satisfies at least 75 percent of callers.

For small-ticket items, for each complaint heard, between 10 and 100 problems of a similar nature are either unarticulated or handled by other touch points or organizations. Extrapolating what you receive to the whole marketplace, you can estimate the revenue impact on the marketplace as a whole of the issues flagged by the complaints.

KEY REQUIREMENTS OF AN EFFECTIVE VOC PROCESS

This is what is required for an effective VOC process:

- > Unified ownership of the VOC process by a single executive.
- > Unified collection and use of customer data to support analysis and reporting.
- > Integrating customer data from multiple channels for a unified picture of the customer experience.
- > Timely reporting of customer data tailored to the stakeholder

audience.

> Linking the VOC data to revenue and profit implications to set priorities and create an economic imperative for action.

> Formal processes for translating customer response into specific actions and targets.

> Enabling the company to track the impact of the VOC process.

> Linking VOC identified issues to strong incentives.

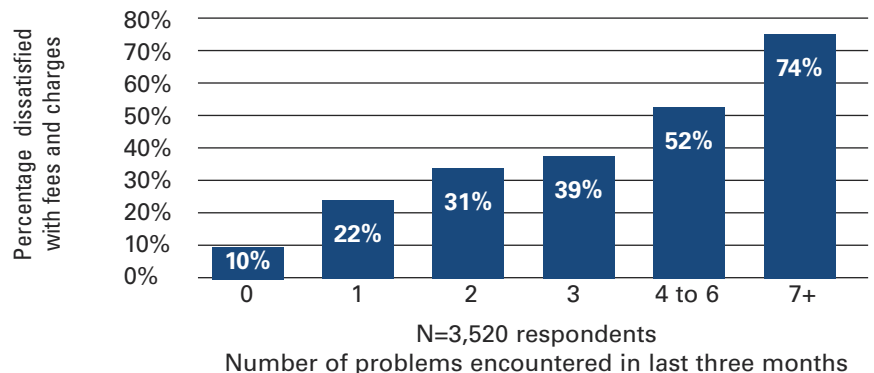
The most prevalent weaknesses and most challenging of the requirements to implement are creating an integrated plan, executing the integration, quantifying results, and providing actionable reporting. What makes the process actionable is the level of granularity captured, stored, analyzed, and reported.

Many companies view the VOC as customer surveys. However, customer calls, emails and letters provide more actionable data because they are timelier, and, at the issue level, the problem or question is affecting customer loyalty right now.

BENEFITS OF A CALL CENTER-BASED VOC PROCESS

Why base the VOC process in the call center? It gets the most robust, timely data on the customer experi-

Consumer Dissatisfaction with Price Vs. Problems Experienced



► Case Study: Packaged Foods Company Optimizes Consumer Response

The CRS integrates email, consumer demographics, and a where-to-buy item finder for this packaged foods company's contact center. Representatives reply to consumers who acquire its products from groceries and a Web store of specialty items. To optimize costs, the company outsources the center. Trained reps draw on pre-approved texts to compose their personalized replies to callers. A customer's communication mode and issue determine whether the agent replies by email, fax, letter, or phone. Refund, discount, premium or rebate coupons may be included or attached. Sensitive issues escalate to specialists, should legal or insurance remedies apply.

The Web-based consumer relationship system is independent of company systems whose perform-

ance might degrade from the burden of other activity. "We are extremely happy with the online service," reports one manager, who notes it pays for itself by relieving IT resources to attend to other needs. "The item locator returns its value daily by satisfying caller demand for instantly finding items at nearby stores." The item locator draws on current item availability from over 38,000 grocery stores, mass merchandisers, and convenience-store pharmacy chains. The CRS' reporting enables quality assurance to use consumer insights in performance reviews. Consumer verbatim reports enable marketing to interpret unfiltered reactions to product features, packaging, and promotions. Item detail and summary inquiry reports give management the issue-level actionable VOC intelligence they need to guide their enterprise.

ence. Many companies view their survey process as their VOC. But, surveys are a lagging indicator, reporting experiences days or weeks after they occur. The call center tends to have easy access to operations data not available to market research units that administer surveys. At a delivery company, for example, operations data indicating a package missed its connecting flight, the phone call from the customer inquiring why it has not been delivered, and the survey two weeks later concerning the experience describe the same event. The call center is in the middle and best position to collect and integrate the data into a unified picture of the experience.

More reasons to solicit customer contacts via the call center include:

> **Reduced problems leading to lower cost and higher loyalty.** Customers who ask questions can be educated to avoid

problems.

> **Improved products by eliminating customer frustration.** Recognizing customer points of pain can lead to product improvements and competitive advantage.

> **Higher margins from reduced problem levels because price sensitivity is highly correlated with problem experience.** The chart on page 3 shows consumer sensitivity to price compared to recent problem experience. Less sensitivity to price means better service can yield higher margins. Customers say, "You are expensive, but you are worth it because I seldom have problems."

> **Reduced regulatory and risk costs from an effective VOC.** A highly visible, accessible service system draws complaints to the company and away from regulators and lawyers.

> **Adopting an actionable VOC process enables companies to make their service process a word-of-mouth management process.** Every interaction produces good or bad word-of-mouth, which, if good enough, eliminates need for expensive marketing.

Companies such as 3M, American Express, Bath and Body Works, Canadian Tire, Chick-fil-A, Daimler Chrysler, Honda, Neiman Marcus, Sargento Foods, Toyota, USAA, and Yokohama Tire have created VOC processes that operate at the granular level, integrating multiple sources of data. Their VOC processes solicit customer feedback and respond to reported issues. They capture and report levels of problems and their impact on satisfaction and loyalty. Their contact centers estimate revenue and cost of not acting on the issues, creating economic imperatives for action.

FOUR BARRIERS TO DEVELOPING AN EFFECTIVE VOC PROCESS

With so many great stories of how VOC processes can benefit companies, giving them competitive edges and reducing costs, why are so many tolerating ineffective systems? We have identified four major pitfalls and/or excuses

- > Fear of soliciting customer input because it results in more calls to handle, ignoring the fact that each customer well-handled is more revenue retained.

- > Failure to efficiently collect and systematically log current input from all touch points and internal stakeholders.

- > Poor systems that are barriers to logging, analysis, integration, and reporting of input, tracking trends, and determining if issues are fixed.

- > Failing to convert the data into revenue implications and effectively communicate them to management.

PROACTIVELY MAXIMIZE CUSTOMER CONNECTION

The solution is to develop a strategy that proactively manages the customer relationship to maximize connection. How?

Solicit complaints and customer input. Most executives would rather know about an unhappy customer than not, but they fear soliciting complaints, anticipating customers with “illegitimate” problems. TARP has found that fewer than 2 percent of customers are trying to game the system.

Deploy a CRS to enable effective contact handling and an actionable VOC process. A key tool to solicit, log, respond to, and assure use of a VOC

is a consumer relationship system (CRS) that automates contact center processes and workflows and interfaces with other VOC data sources. A pioneer in CRS, Wilke/Thornton uses the Web to optimize contact handling in consumer product companies. Many now deploy CRS worldwide.

The Web is here to stay. So the CRS provides contact handling through a Web browser. And Web forms provide consumers a self-service channel to communicate feedback. A Web-based CRS enables:

- > Logging contacts and submitting inputs from letters, calls, faxes, emails, Web forms, and chat with granularity that assures actionable output,

- > Replying to inquiries by fulfilling them quickly and appropriately with information, coupons, refunds, or replacements, educating, and selling and up-selling as appropriate,

- > Maintaining history of consumer experience and company replies,

- > Managing embedded surveys and promotion campaigns, and

- > Analyzing response and reporting insights to stakeholders.

A CRS enables staff to listen to live consumer/agent dialogues and recordings to make sure they stay tuned to customer sentiment that informs company success.

How does a CRS optimize VOC-driven contact centers? Performance is measured by number of issues resolved on first contact, number of contacts processed per rep per period, increase in customer satisfaction, and provision of consumer insights to stakeholders. These measures contribute to company condition, factor into ROI, and reflect financial results.

A CRS automates processing inquiries through a “rep desktop” that integrates information resources, making them available as reps handle contacts. A rep answers a call. CRS captures a caller’s telephone number and retrieves the caller’s address, verifying accuracy, or populates a new record. Simultaneously, another resource determines caller propensity to purchase items based on demographics, available by neighborhood, family, or individual. Such information triggers a selling dialogue.

As the dialogue progresses, CRS brings detailed information about the caller’s past purchases and inquiries, and current information about the issue, retrieving specifics so the rep may reply instantly with accurate information to resolve the issue or stimulate a sale. Or, the issue can trigger an “embedded” survey.

As the rep progresses, CRS generates a custom-tailored reply with approved attachment, or a sub-system, using syndicated data, which may identify a nearby store where the caller’s desired item is available.

Intelligence from consumer insights can benefit enormously. More word-of-mouth referrals increase sales. Better consumer understanding of products increases use and loyalty.

Create an analytical framework to translate the VOC into revenue and bottomline impact. To convert the VOC from the contact center into bottomline implications, you must be able to do or know the following calculations:

- > Estimate for each contact how many others exist in the marketplace. This multiplier is between 10 and 200.

► Case Study: Household Goods Maker Sells Worldwide

English may be the international business language, but one company's consumer response representatives reply to contacts in their native languages, using country-specific product names and descriptions. Having a multinational product information resource available online requires high performance. For queries and reports, reliable high-speed access is essential for operating the consumer relationship system effectively. Connections between the company's worldwide centers must meet 70-100 millisecond response.

An online product catalog aligns multinational products in unified hierarchies, indexed by location and subject. Production codes match shipment information for correct reporting. A product, location, and subject hierarchy database maintains thousands of items with links to reference documents for quick rep retrieval. The company protects a proprietary knowledge base in a highly secure location to minimize loss of access and loss of information risk.

Most of this center's inquiries are for product information—characteristics, performance and marketing. The rest are for where-to-buy items, satisfaction testimonials, and questions about packaging and handling. Agents draw from prepared electronic letters and paragraphs to compose personal responses. Depending on the response, agents may enclose coupons or a check with reply letters. Integrated email processing applies rules as it scans messages for keywords and then sorts them in pri-

ority queues for agents to respond quickly. The intelligent triage queues emails by arrival date and time. Agents respond to routine inquiries, and supervisors handle sensitive matters.

This frontline position enables the company to use the Web-based consumer relationship system to conduct market reaction surveys before and after product introductions. Multiple surveys may run concurrently. Decision support staff analyzes survey results. The consumer affairs center performs annual customer satisfaction surveys. And marketing and quality staff study results to glean insights for improving product characteristics, packaging, and marketing. These enable agents to survey contacts during live dialogues, as well as via email and Web form. The center is valued for providing timely consumer feedback.

As they reply to inquiries, agents refer to instructions and illustrations linked to the system. Sometimes they record calls for verbatim reporting. To integrate consumer response data with other departments' data, the center exports it to the enterprise system. The center produces hundreds of reports daily and posts weekly and monthly reports to the company intranet for corporate, legal, marketing, manufacturing, quality, sales, and safety staff. The consumer response data repository feeds the enterprise with fresh intelligence that can be digested quickly.

> Estimate damage to loyalty and word-of-mouth of each reported problem.

> Determine purchase value of the average customer.

> Determine regulatory and risk impacts. Ninety-seven percent of injured consumers do not sue. How their complaints are handled is a predictor of risk and legal expenses.

> Generate an overall estimate of economic opportunity of each issue or problem set so priorities

based on payoff are obvious and compelling.

While you must develop the above analyses, your clients in the company — Quality, Marketing, Risk, Legal and Regulatory and Operations — must understand them and have access to the data themselves. This implies that you must provide the necessary education so that they understand and accept the analysis. Also, each department should have access to

the data via a centralized CRS reporting system so that they can track issues without your active intervention.

An effective call center-based VOC process is worth its weight in gold. But developing it requires hard work, risk taking and very effective systems. It is not for the faint-hearted because it assures that management hears bad news on occasion, along with the good. The payoff is that you hear the bad

news early enough to take corrective action before it becomes serious, and you identify opportunities before your competitor does. With an effective consumer relationship system driving an actionable VOC process, your call center will make your company much more nimble and, likely, much more successful than those that don't. ●



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