

Whitepaper

# Improving the Customer Experience is Business



Why measurement programs need to change

Six proven steps for a successful measurement program

Using customer intelligence to predict and drive change

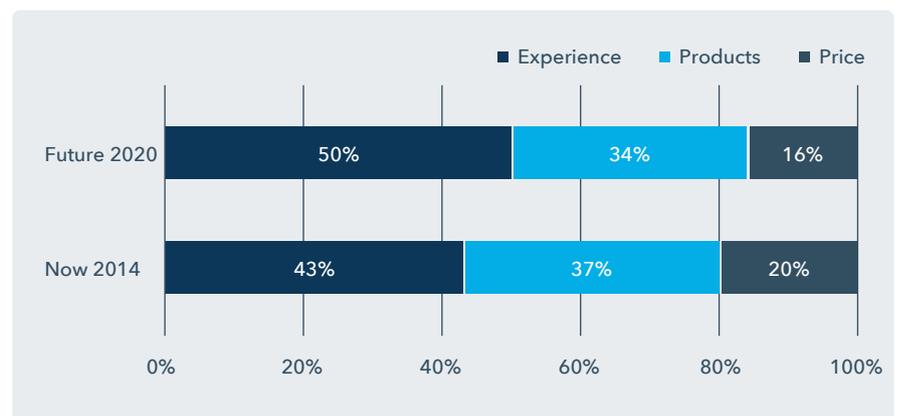
## A superior customer experience: What B2B customers want most

### Customer empowerment

In the current B2B environment, the tectonic plates on which businesses have been built are shifting. The explosion of information and acceleration of innovation have rocked the foundation of traditional B2B businesses as they realize that customers want more, expect more – and are no longer prepared to wait. From offering the right product, at the right time with the right price, B2B businesses now also need to deliver a customer experience that meets individual needs and behavioural patterns.

In fact, recent studies have shown that the customer experience has overtaken price and product in importance for a typical B2B business. Furthermore, as the customer experience becomes more personalised, more parameters are involved in the customer decision-making process. This complexity is further compounded by the increase in communication channels through which B2B businesses provide the customer experience – from personal meetings with sales staff to delivery, emails, support channels or a LinkedIn page.

**Figure 1.** The experience is becoming more important



The successful company must know which customers to focus on, which channels are effective, where a problem lies, how customers perceive the experience, and all from a myriad of parameters and touchpoints. In short, while B2B executives acknowledge and emphasise the importance of the customer experience, their customer measurement programs are having a hard time keeping up. A simple survey on its own is no longer enough to create an all-round picture of the customer experience offered.

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## Why measurement programs need to change – a need for more action and validation

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### From setting up a survey to implementing Insight Architecture

One of the main flaws with the simple survey approach is that overall averages are very often misleading. Furthermore, if the organisation is to get behind and use the results produced, employees have to feel a sense of ownership. This is particularly true in the B2B environment where the individual relationship is, in many cases, more important than the survey result.

Let's take the example of a B2B company where the overall Net Promoter Score and Satisfaction Index have improved but the rating for the most important client has declined. Here the data is not relevant for the team managing that client and they will probably choose to ignore it and use their own ideas for how to improve the client relationship. That's why it is important to consider how to make insights and data relevant across all points of contacts so it can be used to drive change. Priorities need to shift from simply implementing surveys to creating a result-oriented customer insight architecture that takes into account both segmented and individual development.

### Moving beyond information delivery to enterprise accessibility

One of the most common challenges with B2B surveys is that they run as isolated processes resulting in a status report – often months after the survey was carried out. In these situations, the relevant stakeholder can easily feel cut off from the process and end up asking questions like, “Why did you ask these questions?”, “Why is this contact included in the sample when he does not belong to this Business Unit?” or “Why is the response rate so low?”.

The optimal customer measurement process is one that is dynamic and transparent. In this process, relevant stakeholders need to officially approve contacts to be surveyed, receive notifications and alerts in connection with individual answers, and be empowered to react to negative experiences so they can close the loop immediately and not when the survey is starting to fade from everyone's mind. Only by involving the organisation and giving access from the very beginning, can you truly drive action.

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### **Demonstrating business results (ROI)**

Intuitively, the notion of customer loyalty and the value of leveraging customer perspectives in setting company strategy makes sense. It feels like the right thing to do. However, in the fiercely competitive B2B business environment, there is constant pressure on executives to demonstrate business results. The days of listening to customers because it feels like the right thing to do are long gone. Executives expect hard, direct evidence of how the customer experience is impacting the bottom line.

Having a strong ROI for your customer experience program involves demonstrating how customer strategies provide financial benefit to the company. The customer experience program should not stand alone but it should connect with other business indicators and activities.

### **Predict and drive change**

For most B2B organisations, the hardest part of the customer measurement program is to drive the change. How do we go beyond recommendations written on the slides of a PowerPoint and make customer evaluations an integrated part of status meetings, performance reviews and bonus schemes? In order to drive change, the modern customer measurement program has to bring the entire value chain closer to the customer. And management has to lead the way.

## Six proven steps for a successful measurement program

This white paper describes six steps to drive action and change with measurement programs – from identification, repair and measurement of customer experiences to focus areas that drive the differentiated customer experience in the B2B business environment.

Figure 2. Designing a successful measurement program – six proven steps



## Step 1. Choose customer segments

When choosing segments consider the following:

- Identify customer segments that have the greatest impact on the bottom line
- Make segmentation actionable and enable full drill down to individual answers across different views.

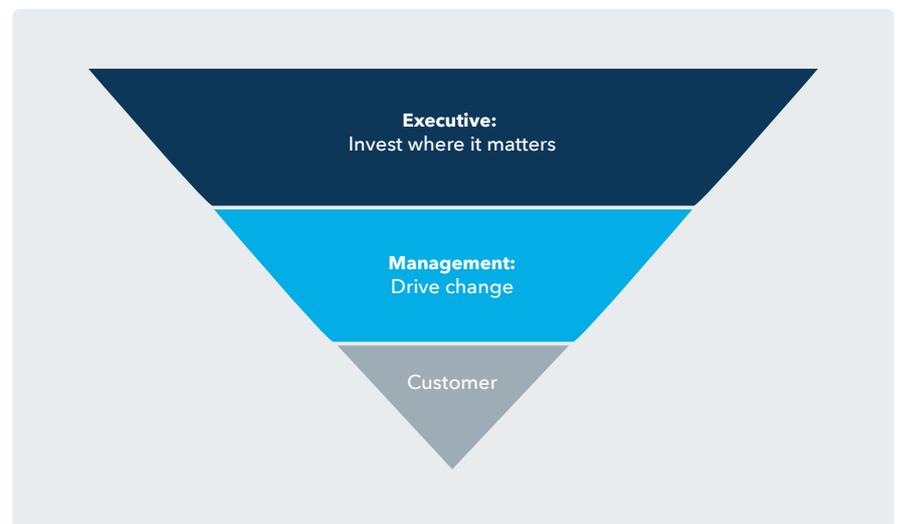
Although key segments vary by company and industry, B2B professionals should steer their initial measurement efforts toward gauging the experiences of customer segments with high profitability, segments that demonstrate strategic growth potential, and segments that are influential in the marketplace.

Management needs to be able to easily switch across views with easy drill down to the individual answers to increase action and relevance.

### Example of B2B segmentation/views

- Role-based segmentation: Decision makers, influencers and end users
- Rating-based segmentation: A, B or C (customers span regions and business units)
- Regional segmentation: Regions, countries or different business units
- Category segmentation: Business units, projects
- Internal segmentation: Account manager, project managers
- All customers filtered according to attractiveness (Grow, Model, Fix, Move)
- Customers who have responded more than once (twins)

**Figure 3.** Drill down to individual customer level across the enterprise to make data actionable

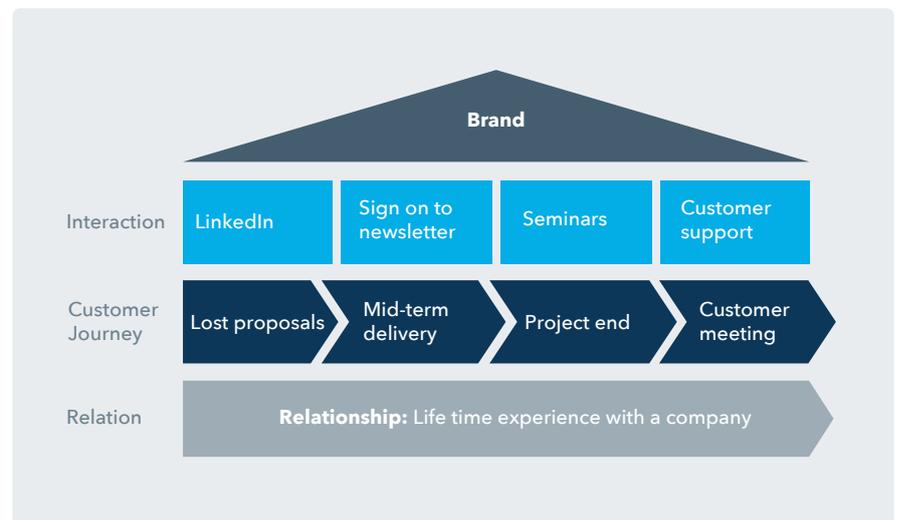


## Step 2. Select which experience to measure

A typical customer interacts with a company at many different stages – from the initial project proposal to customer meetings, delivery and customer support. To be able to plan the best experience, you have to understand and prioritise these different interactions.

The figure below illustrates the three levels on which the customer experience can take place. The relationship is the ongoing development of trust and understanding between the two parties, while the customer journey is the different phases the customer goes through as they buy and use the company's products and services. Interactions cover all the touchpoints where a company meets its customers. Having a strong experience across these three levels builds your brand and creates the great customer experience.

**Figure 4.** Measure experiences of the relationship, the customer journey and the interaction level



By using this model to map out the customer journey interactions, a B2B business is able to prioritise the points that should be measured and analysed.

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## Step 3.

# Design data structure and questionnaire

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When designing the data structure and questionnaires, you have to plan for the following:

- Define a metric system that will align with key business goals
- Identify business drivers via workshops and interviews with key stakeholders
- Assign business drivers to the B2B Customer Experience Pyramid
- Prepare for twin analysis
- Establish a template for survey design

Firstly, the company needs to define a metric system that will align with key business goals. This will allow the identification of the key drivers that are used to steer business decisions.

### Identify Business Drivers

The next step is to identify business drivers via workshops and interviews with key stakeholders. Involve stakeholders from across the value chain to find the drivers that underpin business success. Examples of key drivers might include products, delivery, support, advice and communication. All of these drivers need to be specific for the business and once identified, management and key stakeholders have to sign off on them.

When designing business drivers it is important to recognise the difference between rational qualifiers, the basics that allow the company to do business, and more emotionally-based differentiators, which are the factors that differentiate the company from competitors. Examples of rational drivers could be delivery on time or correct invoicing, whereas the more emotional part of the experience is advice, proactivity and ability to deliver personal insights.

Then you can assign business drivers to the B2B Customer Experience Pyramid. The business driver questions have to be linked to customer perception and relate to being a “supplier”, a “preferred partner” or a “trusted advisor”.

### Twin Analysis

Twin analyses make data more valuable in the long-term. Plan so a customer ID can be tracked across data sources and with year-on-year developments tracked on a one-to-one basis. Separate data sources into survey data, CRM data and financial data ensure that any correlations in development are understood and that customers are tracked across multichannel journeys.

To ensure that the collected data are comparable across customers and years, questions must be consistent. A survey template will help achieve this. Remember that even seemingly trivial differences in presentation or wording can distort results. Scales, question wording and question order must remain the same for results to give optimal value.

Below are examples of data and metrics that a company can use to track customer interactions to find out if it is providing the expected customer experience.

Table 1. Example of data structure

Data & Metrics	Example
Survey data: KPI data	<ul style="list-style-type: none"> <li>• Overall satisfaction, likelihood to recommend</li> <li>• Share of wallet</li> <li>• Customer expectations</li> </ul>
Survey data: Business driver data	<ul style="list-style-type: none"> <li>• Typical business drivers: products, advice, support, solution, delivery</li> </ul>
Descriptive data/CRM Data: Metrics based on what is observable – metrics that describe reality	<ul style="list-style-type: none"> <li>• On time delivery</li> <li>• Delivering the right quality</li> <li>• Customer meetings</li> </ul>
Outcome data/Financial data:	<ul style="list-style-type: none"> <li>• % Change YOY in pipeline per account manager/Change in customer pipeline</li> <li>• % Change in market share</li> <li>• Attractiveness score</li> <li>• Churn rates</li> <li>• Acquisition rates</li> <li>• Recommended conversion ratio</li> </ul>



## Step 4.

# Create a transparent and efficient data collection process

As you plan the data collection process, think about:

- Timing - when to contact, how often?
- Plan on how you can have contact data approved
- Plan for an efficient and transparent data collection process

Once the data structure has been designed, consider how often data needs to be collected and how this should be done. Below is a table that summarises our recommendations, based on experience.

Table 2. Timing for relationship, journey and interaction survey

Level	Frequency of fielding	Frequency of customer contacts	Methodology
Relationship (decision makers and influencers)	Quarterly or continuously, in order to get a steady stream of results that can be trended over time.	At least once a year or every 9 months if customers interact very frequently with the company	Web, CATI and, for selected clients, face to face interviews
Customer journey (project end, lost proposals etc.)	When the journey has ended (from the customer point of view) in order to get a complete assessment of the journey.	Define a period of time after customers have been asked to fill out a survey - regardless of whether they responded - in which those same customers cannot be surveyed again. No contact periods typically range from 6 months from the customer journey or interactions	Web
Interaction (seminars, LinkedIn, website, webshop etc.)	As soon as possible after the interaction took place in order to get a more accurate, detailed evaluation.		

### Plan on how you can have contact data approved

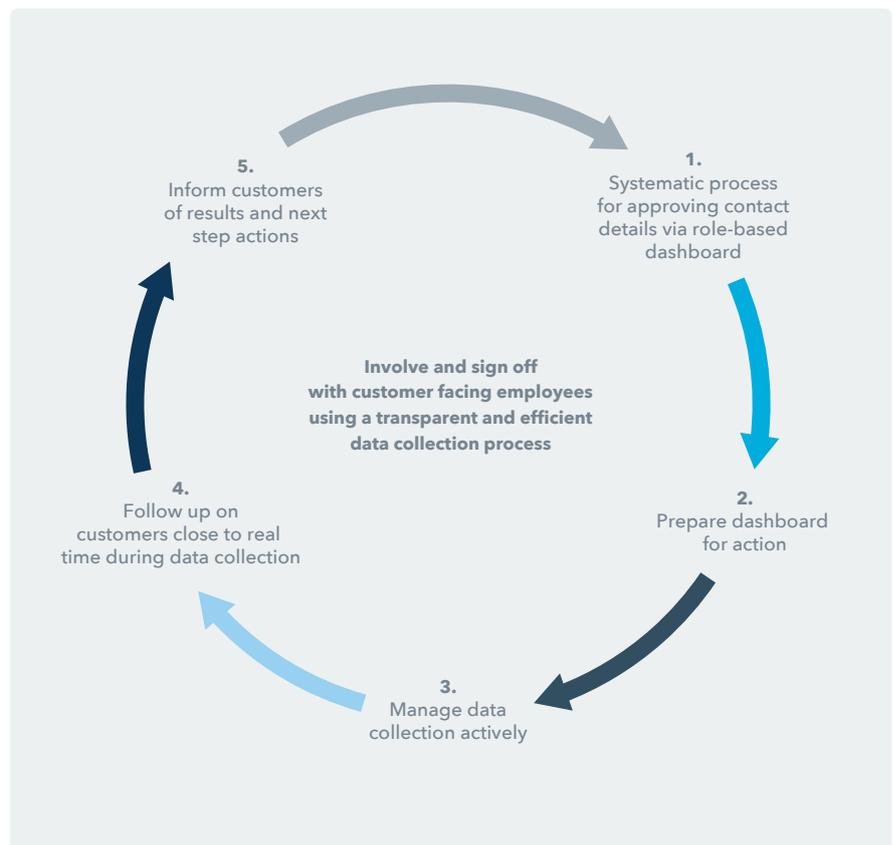
This important step often proves to be the most difficult, often because of simple errors such as out of date customer contact details, or a lack of understanding from customer facing staff regarding the importance of data collection. Sometimes customer data will be stored in different systems making it laborious to find the right contacts.

The most efficient way to collect data is to centralise the process in a dashboard. Include all customer contacts and get the account manager to approve or alter the details using the dashboard. Approval of customers is an easier task than data creation and entry and this will lessen the workload for frontline staff.

### An efficient data collection process – 5 steps

Through many years of managing B2B customer experience programs, we have identified five important steps that will maximise response rates if followed.

**Figure 6.** Maximise response rates with the right data collection strategy



During the data collection process itself, communication must be prioritised. Once a survey has been completed, the customer-facing staff working on the account should be sent a notification and given access to the survey results. This lets them respond immediately and resolve any issues quickly, which improves customer satisfaction and effectively allows them to close the loop. Often a personal response to a problem can create a great customer experience.

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An efficient data collection process involves:

- Creating one point of access for all contact details
- Sending notification e-mails to project or account managers upon survey completion
- Sending survey receipts to customers
- Alerting relevant stakeholders when necessary during the survey process
- Translating any survey remarks in real time
- Sending out reminders in cases of no-reply
- Having front line account managers push for responses
- Prioritising telephonic follow-up on selected customers
- Systematically tracking and analysing response rates across high priority customers, account managers, business units
- Setting specific targets for which customers should answer

## Step 5: Use the data to prioritise customers and business drivers

Two of the main goals of the measurement program are to:

**Prioritise customers:** Combine satisfaction and loyalty with attractiveness

- Model: Highlight and leverage
- Grow: Focus resources on accounts with growth potential
- Fix: Diagnose and fix at risk accounts to protect future revenues
- Move: Release or refocus on these problem accounts

**Prioritise business drivers:** Specify areas to be improved

- High importance (prioritise or maintain): Areas where it is important to improve performance; areas that will affect satisfaction and loyalty
- Lower importance (adapt or observe): Areas with limited effect in terms of improvement effort

**Table 3.** Design prioritisation rules in relation to the customer base and follow up on an individual basis via dashboard.

Account type	Definition	Action
Model	High satisfaction/loyalty and high attractiveness	Highlight and leverage
Fix	Low satisfaction/loyalty and high attractiveness	Diagnose and fix at risk account to protect future revenues
Grow	High satisfaction/loyalty and high attractiveness	High satisfaction/loyalty and high attractiveness
Move	Low satisfaction/loyalty and low attractiveness	Release or refocus on these problem accounts

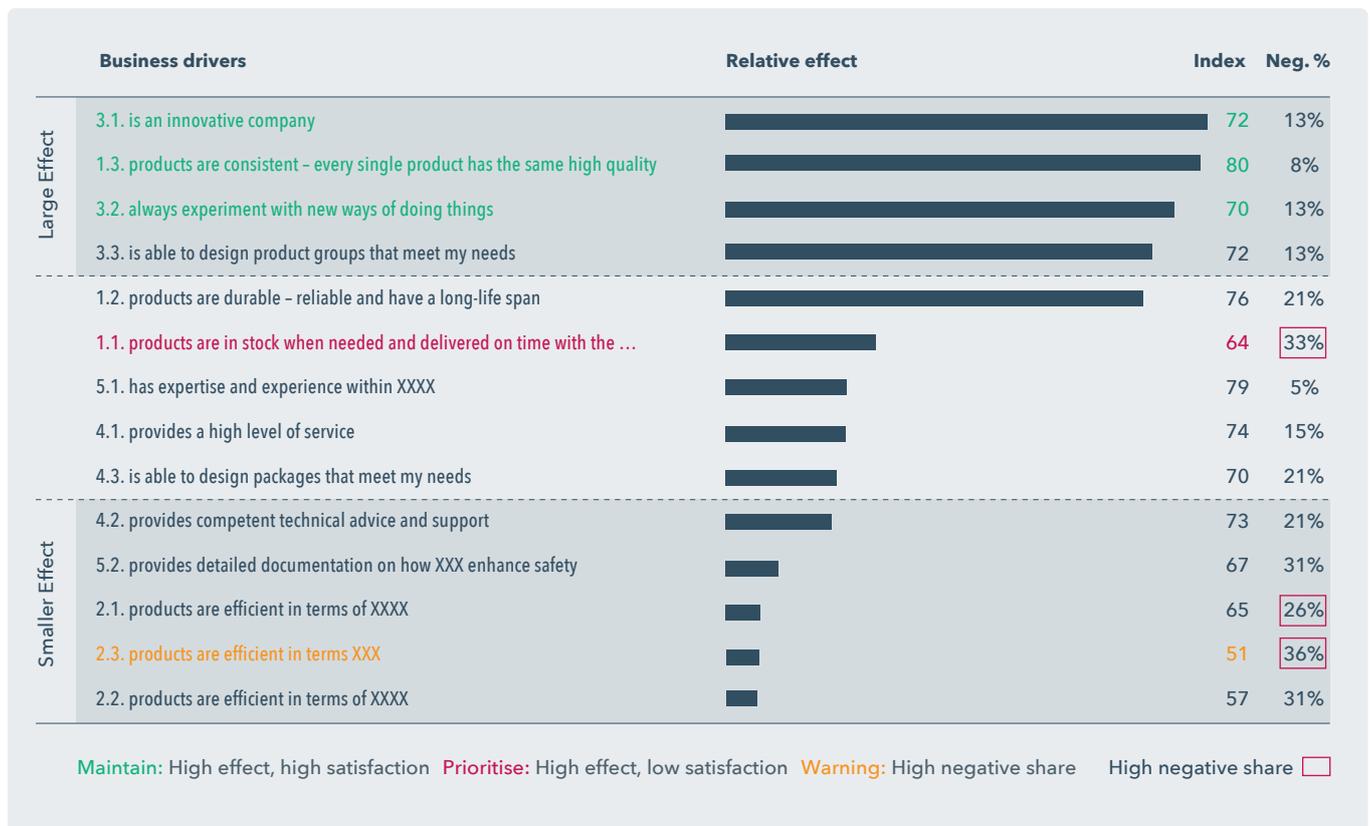


Figure 8. Prioritise parameters according to effect and causes of negative satisfaction rates

In the above example, three research methods are used in order to prioritise business drivers (questions):

- What has effect: what should first be improved?
- The index level: the average index score in relation to the scale
- The negative tail: share of negatives on the individual question

Combining the index level with the relative importance highlights areas to be prioritised and improved. The negative tail illustrates if this question drives negative satisfaction and to what extent. Drivers of dissatisfaction are often qualifiers and drivers of satisfaction are often differentiators. The above framework will give an exact direction for improvement, showing what should be fixed and repaired and revealing the drivers of differentiation.



## Step 6: Validate data and drive change

The final step is to validate results in order to actually measure the business effect in relation to improved customer experience. Why should further investments be made in implementation and why is this critical for our business?

Through extensive experience, Analysegruppen has developed the following methodology to track the link between financial performance and the customer experience:

- 1. Risk and potential on current results:** Link current revenues, earnings and pricing with current survey results. Translate results into risk and potential profiles.
- 2. Actual development from last year:** Analyse how the customers actually performed from year 1 to year 2 in relation to development in revenue or earnings. How did the ambassadors perform financially, and how did the negative customers perform financially from year 1 to year 2?
- 3. Future return on future activities - Twin analysis:** If the customer experience is actively managed and optimised, what can we expect to gain from a financial perspective? What is the return on investing in the customer experience? To do this, we need to look at the change in the loyalty profile relative to the change in financial performance over the same period on the individual answers.

**Figure 9.** Example of actual development from last year. How did the customer actually behave? Did the customer buy more or less?

Base = 2012 N= 576	Satisfaction & loyalty 2012	% Share of revenue (2012)	Change in revenue in % (2012/2013)
Ambassador (Strong relation)	 <b>10 %</b> are ambassadors	 <b>19 %</b> of revenue	 <b>10 %</b>
Key customers	 <b>50 %</b> are key customers	 <b>51 %</b> of revenue	 <b>0 %</b>
Hostage (Medium risk)	 <b>15 %</b> are hostage	 <b>14 %</b> of revenue	 <b>- 2 %</b>
Deserters and disloyal (High risk)	 <b>25 %</b> are high risk customers	 <b>16 %</b> of revenue	 <b>- 45 %</b>

In the above example, the ambassadors had a strong revenue development and high-risk customers had a very negative development in terms of revenue.

The next step to start the implementation process. The following four important steps for driving change will help you do this:

1. Facilitated change workshops: Do not assume that change will happen just because a survey is done. Change is a structured process that requires investment. Analysegruppen's experience shows that change and commitment to results happen when results, correlations and insights are presented and discussed with management, at regional level or within the category or the sales teams. The agenda at the workshops should be action oriented and in general have three themes
  - 1: Can the business impact be documented?
  - 2: Segmentation of the customer base (which clients can we grow/model and which customer should we fix/move?)
  - 3: Which processes do we need to improve, and how? How mature is our delivery chain, and where do we stand in relation to our customers? (focus on qualifiers or differentiators)
  - 4: Next step for action plans and goals. Please note that we recommend goals to be adjusted in the individual region, business unit and not have one target for all. We need to agree on how we can improve and see a positive trend year on year.
2. Performance reviews and bonus schemes with customer facing people: Include the customer evaluations in the performance reviews received from customers.
3. Customer meetings based on the evaluation: Prepare an action plan per high priority customer, per business unit or per segment – how can we improve the relationship.
4. Action plans and next steps: Based on the workshops and the action plan, make sure management approves the overall direction of the action plan. Decide on new “high priority” processes that should be implemented across the value chain. Agree on local and differentiated targets to manage progress.

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With a clear road map supported by management, the organisation knows what needs to be done to create a differentiated customer experience.

However, bear in mind that while it is easy to create a high-level list of next steps, getting people to take action is much more difficult. If you do not invest in implementation, the reality is that nothing will change.

#### **In summary**

With the cost of winning new customers increasing, B2B companies must invest in maintaining and developing their existing relationships. With a customer measurement program as described here, there is a proven opportunity to define and develop a differentiated customer experience to keep customers coming back for more. And best of all, it is not rocket science. Companies simply need to understand their customers and make their services attractive to each individual by personalising the experience.

With these six steps, customers will be at the heart of your business and you have a structured plan for maintaining prices, maintaining revenue and increasing share of wallet.

#### **About Analysegruppen**

Analysegruppen A/S is a research consultancy specialising in growth through customer retention. Our clients are major companies and organisations with complex hierarchies and a need for an efficient system to collect, communicate and respond to customer, employee and market data.

Through research based methods, statistics and advanced technology, Analysegruppen measures the KPIs that really matter to customer retention and share of wallet. By identifying and calculating the impact of any change, we propose the retention strategy with the greatest earning potential.

For more information about creating the great customer experience, please contact [info@analysegruppen.dk](mailto:info@analysegruppen.dk) or telephone +45 7020 1075