



The Authoritative
Guide to Voice of
the Customer

Twenty Pages of Sheer Goodness to Help You Eclipse the Competition, Keep Up With Market Expectations, and Capture and Act on Real-Time Customer Insights.

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VoC: Why These Three Letters are Vital to Your Company's Immediate and Long-Term Success

In today's era of immediacy, consumers are more demanding than ever. To keep up with customer expectations, brands are starting to invest in Voice of the Customer (VoC) programs that employ a closed-loop process.

Ask any CX, research, or marketing executive, and they will tell you that gone are the days when the customer marketing landscape was represented by a one-way dialogue for engaging prospects. Today, market leaders are shifting their listening and response mechanisms faster as VoC programs represent a huge opportunity for driving loyalty and increased sales.

A recent study sponsored by American Express®—the American Express Global Customer Service Barometer—showed that U.S. consumers are **twice as likely** to tell others about a bad service than they are to share about a positive experience.¹

Which led us to this question . . .

How do you get the right customer feedback data to the right people at the right time to take the right course of action? Do brands truly understand the value of an effective VoC program?

This exclusive Voice of the Customer Guide has been produced for your use. It includes answers to many of your VoC questions plus tangible steps for establishing a multi-source insight methodology that focuses on customer needs, expectations, and product improvement. Put this guide to work in your own customer strategy and presentation materials. Clip the charts, quote the stats, and blog about the information online, or feel free to socialize the findings via social media.

Our goal is that this resource will serve as an invaluable tool as you establish a best-in-class VoC program to support your brand for years to come.

Enjoy!



Ryan Nelsen
PRODUCT MARKETING, QUALTRICS

1. 2012 Global Customer Service Barometer: http://about.americanexpress.com/news/docs/2012x/axp_2012gcsb_us.pdf

Let's Level Set: What is Voice of the Customer?

Voice of the Customer (VoC) is a term that describes your customer's feedback about their experiences with and expectations for your products or services. In recent years, many vendors have taken terms like VoC or CX (Customer Experience), or CEM (Customer Experience Management, or CSAT (Customer Satisfaction) and tried to define them around very specific applications of technology and services to match their offerings. But VoC is broader than a single product.

Voice of the Customer programs have gained traction over the years and are fast-growing segments of a core business strategy for organizations. They work exceptionally well for brands as customers demand more direct engagement with a firm and because capturing and acting on customer feedback is critical to understanding a prospect's complex decision-making process.

As a result of many people being involved in the buying process today, forward-serving businesses are challenged to create tailored feedback mechanisms and offer their audiences a variety of feedback channels. Personalized and immediate follow up, along with the ability to close the loop with stakeholders, will continue to have a significant impact on building long-term customer relationships.

However, you can begin to win the war on customer loyalty if you establish and employ a single line of sight into your customer, market, and employee groups.



8 of 10 executives believe their company loses sales each year because of failure to create engaged customers.

—SURVEY OF GLOBAL EXECUTIVES BY THE ECONOMIST INTELLIGENCE UNIT

Why Conduct Voice of the Customer Research?

Simple: Because no one becomes an industry leader without listening first to the customer. Customer-perceived quality and above-average customer service has been proven time and again to be leading drivers of business success. When your customers share their voice in real-time with your organization, they expect you to listen, act and report back to them on progress.

The most effective Voice of the Customer programs allow you to connect and engage with customers at key points along the customer journey:

- As you customize products, services, add-ons and features to meet the needs and wants of your prospects and customer base
- As you gather feedback post-purchase
- As you identify and prioritize market needs and wants
- As you prioritize product/service issues and developments
- As you evaluate and innovate new concepts, ideas, and solutions

The Value Received: You Get What You Pay For

As a leader in your organization, how do you measure customer success? Is it a list of KPIs that includes a number of blue-chip logos, the average annual value of each customer relationship, NPS scores, quantity of high-value, long-term clients, engagement ratings, low customer churn?

Your team may not attach a dollar figure to each of these valuable metrics, but know that customer feedback can be a costly game if not tended to. The good news is that there is an even greater reward for brands that get it right.

Gathering feedback can increase cross-sell and up-sell effectiveness by 15 to 20 percent.

Gartner

Ten Customer Experience Stats That Impact Voice of the Customer

Service leads to customer satisfaction, and customer satisfaction leads to brand loyalty. But before you can provide exemplary service, you have to listen, gather feedback, and respond appropriately to your market. Keep these customer experience stats² top-of-mind as you build out and prove the value of your VoC program:

\$289

Average annual value of each customer relationship lost to a competitor or abandoned.

SOURCE: GENESYS REPORT – THE COST OF POOR CUSTOMER SERVICE



Only 26% of companies have a well-developed strategy in place for improving customer experience.

SOURCE: ECONSULTANCY MULTICHANNEL CUSTOMER EXPERIENCE REPORT

2. 20 Important Customer Experience Statistics for 2012: <https://fonolo.com/blog/2012/03/customer-experience-statistics-2012/>

\$83,000,000,000.00

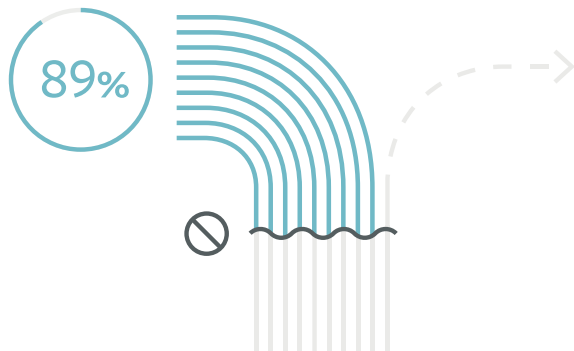
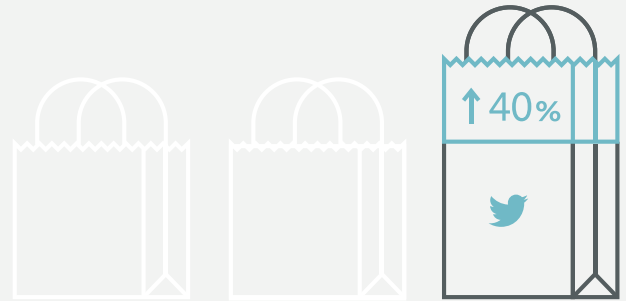
Poor customer experiences result in an estimated \$83 Billion loss by US enterprises each year because of defections and abandoned purchases.



SOURCE: PARATURE CUSTOMER SERVICE BLOG

Customers who engage with companies over social media spend 20% to 40% more money with those companies than other customers.

SOURCE: BAIN & COMPANY REPORT – PUTTING SOCIAL MEDIA TO WORK

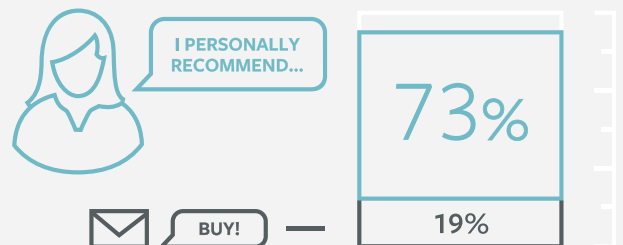


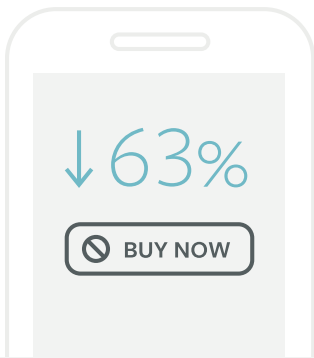
89% of consumers began doing business with a competitor following a poor customer experience.

SOURCE RIGHTNOW CUSTOMER EXPERIENCE IMPACT REPORT

Customer power has grown, as 73% of firms trust recommendations from friends and family, while only 19% trust direct mail (from Forrester report “Consumer “Ad-itudes” Stay Strong”).

SOURCE: FORRESTER RESEARCH BLOG



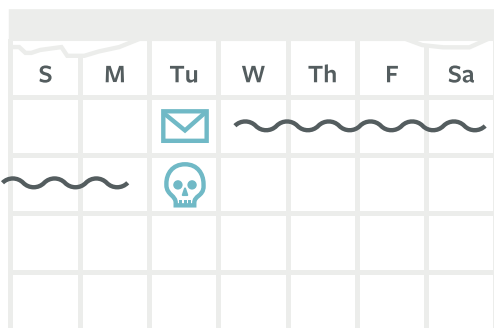
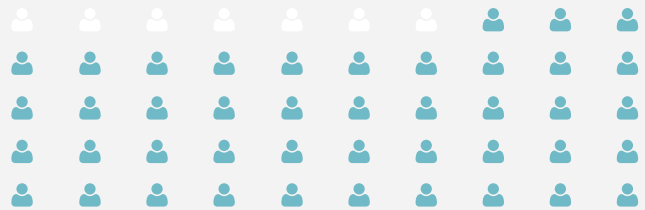


63% percent of online adults are less likely to buy from the same company via other purchase channels if they experienced a problem with a transaction on their mobile phones.

SOURCE: TEALEAF MOBILE TRANSACTION RESEARCH REPORT 2011

86% of consumers will pay more for a better customer experience.

SOURCE: RIGHTNOW CUSTOMER EXPERIENCE IMPACT REPORT 2011



50% of consumers give a brand only one week to respond to a question before they stop doing business with them.

SOURCE: RIGHTNOW CUSTOMER EXPERIENCE IMPACT REPORT 2011

24% of consumers who had unsatisfactory service interactions shared their experiences through social networks in 2010, a 50% increase over 2009.

FORRESTER TECHNOGRAPHICS CUSTOMER EXPERIENCE ONLINE SURVEY



Good Service is Good Business

A 2006 study by University of Michigan Ross School of Business Professor Claes Fornel found that “when a company’s customer satisfaction score has improved over the prior year’s results and is above the national average (currently 75.7),... its shares have a good chance of outperforming the broad stock market in the long run.”

“Getting service right is more than just a nice to do; it’s a must do,” said Jim Bush, Executive Vice President, World Service. “American consumers are willing to spend more with companies that provide outstanding service, and they will also tell, on average, twice as many people about bad service than they are about good service. Ultimately, great service can drive sales and customer loyalty.”³

Seven in ten Americans (70%) are willing to spend an average of 13% more with companies they believe provide excellent customer service.

AMERICAN EXPRESS® GLOBAL CUSTOMER SERVICE BAROMETER

But despite the greater value Americans are placing on customer service, many businesses don’t seem to be making the grade with consumers.

- In fact, six in ten Americans (60%) believe businesses haven’t increased their focus on providing good customer service—up from 55% in 2010.
- Among this group, 26% think companies are actually paying less attention to service.

Consumers feel most companies are failing to get the message that service matters. Nearly two-thirds feel companies aren’t paying enough attention to service:

- Two in five (42%) said companies are helpful but don’t do anything extra to keep their business.
- One in five (22%) think companies take their business for granted.

Don’t be one of them. Remember that consumers worldwide vote loudest with their wallets. Heed the telltale signs by leveraging a comprehensive VoC program to listen to and in turn, meet the needs of your customer base.

3. “Good Service is Good Business: American Consumers Willing to Spend More With Companies That Get Service Right, According to American Express Survey”: <http://about.americanexpress.com/news/pr/2011/csbar.aspx>

Five Customer-Centric Characteristics of a Highly-Effective Voice of the Customer Program

The Voice of the Customer provides early warnings and direction for your success, directly from the people who really matter—your customers! Employ these five “must-haves” to realize continuous improvement in your VoC program:

- 1 Connect multiple types of feedback across data channels
- 2 Provide automatic collaboration across functional departments
- 3 Incorporate the voice of the employee (Yes, your employee!)
- 4 Leverage dashboards and reports that integrate and display information from multiple customer voices—regardless of source, survey, or time
- 5 Deliver clear return on investment (ROI) plus business results

“There hasn’t been anything we’ve wanted to do that we haven’t been able to do using Qualtrics.”

TrueValue

How to Build a Best-in-Class VoC Program

The voice of the customer is best heard as an ongoing conversation. The key to creating an effective VoC program is to gather and use information in a timely way that helps you to improve. Organizations often have multiple touch points with the customer that occur across the entire organization, to include sales, support, warranty and accounting—all of which should be taken into account when establishing a VoC program.

Here are four key areas to consider when building your Voice of the Customer program:



Collect

IT'S IMPORTANT TO IDENTIFY CUSTOMER LISTENING POSTS BOTH INTERNALLY AND EXTERNALLY. SURVEYS ARE THE EASIEST AND MOST COMMON WAY TO ESTABLISH LISTENING POSTS ACROSS ALL CUSTOMER TOUCH POINTS AND DEPARTMENTS.



Analyze

AFTER CAPTURING KEY INSIGHTS, YOU CAN THEN ANALYZE FEEDBACK IN REAL-TIME. IT'S IMPORTANT TO DELIVER CLEAR AND ACTIONABLE INSIGHT TO THE RIGHT EMPLOYEE STAKEHOLDERS.



Act

SUCCESSFUL VOC PROGRAMS PUT YOU IN THE BEST POSITION TO ACT UPON REAL-TIME INSIGHT. KNOW WHERE THE PROBLEM AREAS EXIST SO THAT YOU AND YOUR TEAM CAN TAKE CORRECTIVE ACTION IMMEDIATELY.



Monitor

CONTINUOUS MONITORING HELPS YOU TO TRACK YOUR RESULTS OVER TIME. BY HAVING A 360-DEGREE PULSE ON YOUR CUSTOMERS, YOU CAN BEGIN TO UNCOVER PATTERNS AROUND EXISTING GAPS OR NOTE WHERE THE BEST IMPROVEMENTS ARE BEING MADE.

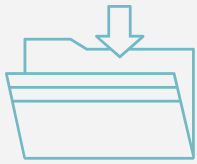
These four areas are proven across multiple industries and will help you drive strategy and anticipate the needs of your customers. With happy customers, everyone wins!

Read through the following pages to get key insight into the specific areas required for gaining a real-time customer pulse for real-time customer action.

Now, with our voice of the customer program running on Qualtrics, we are more customer-driven than ever before.

jetBlue

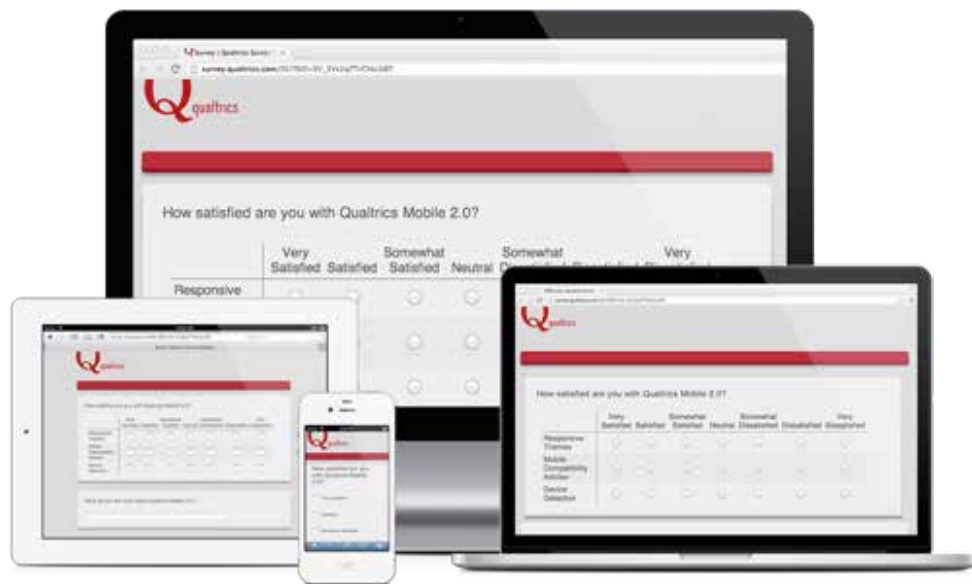
Collect



Create a better customer experience by listening to what your customers are saying to you and to others.

With the lion's share of the world's consumers operating a mobile device for daily productivity, consider responsive themes, device detection, offline survey apps, and SMS features to meet customers where they are. Capture multi-source, multi-channel feedback with configurable surveys that are easy to use and even easier to set up.

Collecting the data is half the battle.



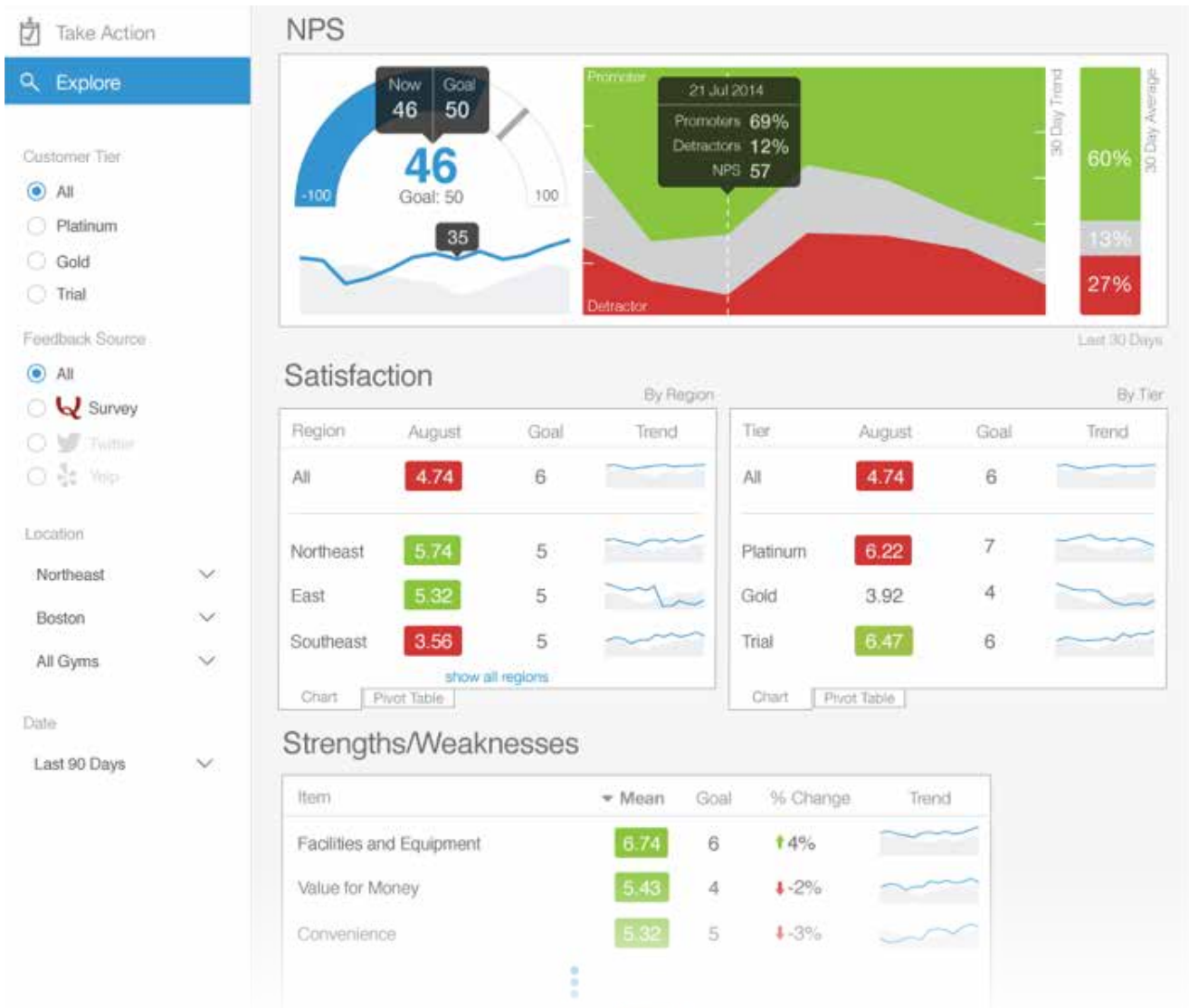
“We’re all about innovation, so everything that comes from us needs to reflect our company and brand. The ability to create fun and innovative surveys creates a better customer experience and increases our response rates. With the ability to get real-time results in a matter of days, Qualtrics is helping us gain a better understanding of our consumer’s needs, which helps shape decisions when it comes to creating products and marketing them to golfers.”



Analyze



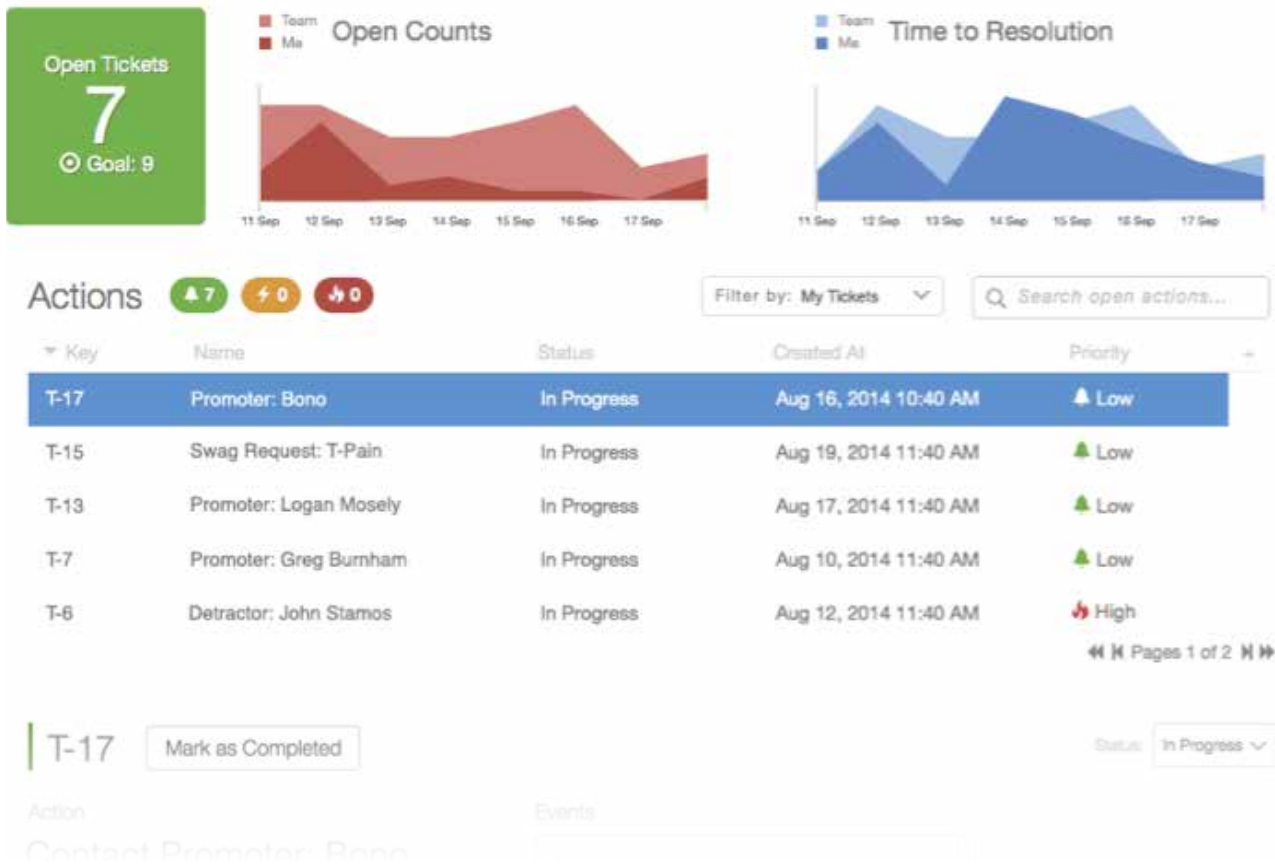
Regardless of Voice of Customer vendor, be sure that the program dashboards allow you to drill down to the individual consumer, but also zoom out to see the big picture. The ability to analyze those drivers that attribute to the cause in customer perception is invaluable to brands. Your VoC program should provide the insights you need to make smart, data-driven decisions.



Act



Once you've collected the raw data and drilled into relevant insights, now you're primed to take action. A case management that allows you to automatically assign tickets to the right stakeholder is important. That could be based on role, department, location, product and more. Your business changes everyday, you should be able to make these changes yourself without waiting on your vendor to do it.



“With Qualtrics, we created an automated customer satisfaction program that seemed almost impossible a year ago. Now we can capture real-time, aggregated data that helps us make more data-driven decisions.”



Monitor



Continuous monitoring helps you to track your results over time. Keep a pulse on your customers, and begin to uncover actionable patterns that reveal their likes, dislikes, and service expectations. Remember that consumers worldwide vote loudest with their wallets.



The customer is boss and we listen. Even a slight ranking change can make a difference of millions of dollars. With the ability to adjust quickly based on consumer feedback, we can see a direct and positive impact on our profitability.



What is Net Promoter® Score?*

Net Promoter® Score, commonly referred to as NPS®, is a customer loyalty metric that gauges how willing a customer is to recommend a product or service. It's commonly used as either an alternative or supplement to customer satisfaction measurement. In its most simple form, Net Promoter Score can be described with one simple question:

“How likely is it that you would recommend [Organization X] to a friend or colleague?”

The Net Promoter Score concept was developed by Fred Reichheld, a Bain Fellow and founder of Bain & Company's Loyalty Practice, to measure customer loyalty[1]. Its adoption and popularity has grown over the past decade and is now used in virtually every industry in every size organization around the world.

At its core, Net Promoter Score tracks how customers represent an organization to their friends, families and associates. Essentially, this positive customer representation is free marketing that dramatically influences business growth. The concept is actually quite simple. For example, when you get a strong recommendation from a friend about a new restaurant in town, you are much more likely to give it a try and become a repeat customer. The same is true for virtually any product or service. If you are in the market for something and you get a strong recommendation from a trusted source, you almost always take it into consideration and feel more comfortable becoming a customer.

“Because Qualtrics is so user-friendly and efficient, we have been able to ask our customers about many topics; everything from evaluating and defining our shipping and service strategy based on consumer feedback to keeping a pulse on our overall customer satisfaction. We are a highly data-driven organization and the voice of the customer is one of the most valuable data points.”

LANDS' END 

Why is Net Promoter Score® Important?

So why are so many executives focused on Net Promoter Score? Many believe Net Promoter Score is a valuable metric for growing both revenue and profits. Research suggests that higher scores indicate more loyal customers, which leads to increased revenue and higher profits. Research by Bain shows that sustained value creators (organizations that achieve long-term profitable growth) have Net Promoter Scores two times higher than the average organization.⁴ Apple, Costco and Nordstrom are often cited as examples of companies with stellar scores that correlate to positive business results.

One of the main reasons organizations choose Net Promoter Score is its simplicity. The typical organization often has a hard time rallying an entire organization in a common, customer-focused direction. Net Promoter Score supporters claim that focusing on a single customer satisfaction metric—that is visible and easy to understand—makes it easier to motivate an entire organization to be customer-focused. Net Promoter Score is also easier to implement and manage than a highly complex, opaque customer satisfaction measurement program. Although Net Promoter Score lacks detailed customer satisfaction levers, the sheer simplicity of the measurement helps organizations take action faster to improve customer experience.

Net Promoter Score has also proven valuable as a way to raise a flag for at-risk customers⁵. Many organizations have implemented processes to respond to customers who respond negatively on the 0 to 10 scale. Organizations can close the loop with customers who are not promoters and work to remedy any issues.

Here are just a few things Net Promoter Score allows you to do:

- Segment customers by loyalty
- Identify unsatisfied and at-risk customers
- Optimize around a single customer metric
- Benchmark against industry and competitor scores
- Uncover customer loyalty drivers

4. Bain and Company, "How is Net Promoter Score Related to Growth?" February 10, 2014: <http://www.netpromotersystem.com/about/how-is-nps-related-to-growth.aspx>

5. Markey, Rob; Fred Reichheld, Andreas Dullweber, December 2009, "Closing the Customer Feedback Loop," Harvard Business Review

How to Measure Net Promoter[®] Score Effectively

Net Promoter Score places customers into one of three groups: Promoters, Passives and Detractors. You categorize your customers by asking one simple question⁶:

“How likely is it that you would recommend [Organization X] to a friend or colleague?”

Respondents are given a standard scale that ranges from 0 (not at all likely) to 10 (extremely likely). Organizations often ask the Net Promoter Score question via an online survey after customer service interactions, purchase transactions or as an ongoing customer pulse study. Based on how a customer responds to “the question,” you classify them into one of three groups:

PROMOTERS = 9 – 10

Promoters are your customers who are loyal and enthusiastic about your organization and will continue buying and referring others. Promoter referrals fuel viral growth that helps bring in new customers at a lower acquisition cost. The cut-off score for Promoters is intentionally set high at 9 to ensure that the customer is an exceptionally enthusiastic fan.

PASSIVES = 7 – 8

Passives are generally satisfied customers, but lack the enthusiasm of Promoters. A ranking of 7 or 8 is no doubt impressive, but experience has shown that this group is still vulnerable to competitive offerings and not immune to defection.

DETRACTORS = 0 – 6

Detractors are a potentially dangerous bunch that are often unhappy and can diminish your brand through negative word of mouth. A customer who rates your organization between 0 and 6 requires outreach to resolve issues before they do any damage. The best organizations work to correct grievances of Detractors and work to convert them to Promoters.

Once you have classified your customers, you calculate your score by subtracting the percentage of Detractors from the percentage of Promoters.

NPS = % PROMOTERS – % DETRACTORS OR **NPS = (# PROMOTERS / TOTAL RESPONDENTS) – (# DETRACTORS / TOTAL RESPONDENTS)**

The score is generally displayed as a whole number by dropping the percent sign for the final number and scores range from anywhere between –100 (all Detractors) to +100 (all Promoters).

6. Reichheld, Frederick F, December 2003, “One Number You Need to Grow,” Harvard Business Review

* NPS[®], Net Promoter[®] & Net Promoter[®] Score are a registered trademark of Fred Reichheld, Satmetrix, and Bain & Company.

Delivering the Lowest True Cost to Own (TCO) for VoC: 6 Benefits of Cloud-Based Customer Insights

Don't spend money on outdated systems that don't optimize a multi-channel insights environment. The truth is that an integrated, cloud-based customer insights platform provides better support at a substantially reduced cost.

A hosted customer insight platform offers a number of immediate cost benefits, including:

- 1 Rapid deployment for a faster return on technology investment
- 2 Minimal capital outlay, making it easier to do more with less
- 3 Complete flexibility to add or remove functionality on a per-survey basis
- 4 Total scalability to increase or decrease the number of respondents supported
- 5 Advanced functionality with access to the latest analytical technologies
- 6 Reduced IT management costs with fewer staff required to support systems



Food for Thought

Let's face it: good service is good business.

And “getting service right is more than just a nice to do,” according to Jim Bush, Executive Vice President, World Service. With consumers around the globe voting everyday with their wallets and willing to spend more with firms that provide an exceptional customer experience, getting service right is a must.

Don't leave money on the table because you think you know your customer. In order to stay ahead of the competition and meet your consumers where they are, you have to listen to what customers are saying to you and about you, then act fast. And you can do that by establishing a proven Voice of the Customer program.

Here's some free advice: Look for a VoC platform that is simple to deploy, gives you the flexibility you'll need, offers the scalability you'll want, and provides the data and insight to make better business decisions now.

At Qualtrics, we believe the best products in the world are extremely simple to use. Think about online banking for example ... what if you had to call your banker every time you wanted to transfer money? Crazy, right? Now let me ask you this ... what do you currently do when you want to make a change to your survey, dashboard or workflow? Do you call your vendor to do it? We believe a true VoC platform makes it easy for you to make improvements yourself, when you want, where you want. You know your business better than anyone; we're putting the power, flexibility and control back in your hands and we'll be there to back you up.

Qualtrics Vocalize is the industry's first out-of-the-box Voice of the Customer platform, powered by technology, not costly services. We're changing the world of VoC and making it easier than ever.

To learn more, speak with one of our Voice of the Customer experts; schedule a free demo at qualtrics.com/vocalize

About Qualtrics



Qualtrics is a rapidly growing software-as-a-service company and the provider of the world's leading insight platform. 6,600 enterprises worldwide, including half of the Fortune 100 and 99 of the top 100 business schools rely on Qualtrics technology.

Our solutions make it fast and easy to capture customer, employee, and market insights in one place. These insights help our clients make informed, data-driven business decisions. Global enterprises, academic institutions, and government agencies use Qualtrics to collect, analyze, and act on voice of the customer, customer satisfaction, employee engagement, 360-degree reviews, brand, market, product concept, and employee feedback.

With more than 1.8 million users and 250,000 active projects at any point in time, Qualtrics has become the world's leading insight platform.

To learn more and for a free account, please visit qualtrics.com.