HOW TO MEASURE THE CUSTOMER EXPERIENCE

Defining a customer experience metric: It's not one number, but an index.

By Steven Walden, Beyond Philosophy

Contact Center Pipeline

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Steven Walden
Beyond Philosophy

I am going to be blunt to make the point. If you are using NPS, CSAT, Customer Effort Score as a measure of customer experience management, you are not measuring customer experience management. What you are doing is picking on the first proxy measure you can find, and over-branding it with a CEM label.

For sure, these are good measures of "output" from a customer experience program (i.e., we did XYZ to increase our Customer Effort Score), but that is a very different thing from saying they ARE customer experience.

If you truly want a customer experience metric, then you must first be clear about what customer experience is. A definition might help so here is one that we developed:

"A customer experience is an interaction between an organization and a customer as perceived through a customer's conscious and subconscious mind. It is a blend of an organization's rational performance, the senses stimulated and emotions evoked and intuitively measured against customer expectations across all moments of contact."

So, if we are going to devise a measure we want to be able to make sure that:

1. It measures the critical points of interest across the customer journey (those that drive value to the business or destroy value and we want to control);

2. It measures the conscious, subconscious and emotional side;

And, in addition,

3. It measures a key output of customer experience, loyalty and expectations.

In effect, a customer experience metric is not "one number" but an index. You have to find what works best for your business in defining that index.

Perhaps then it is no wonder that companies head down the route of just using CSAT or Net Promoter. It's the simplest option. But to quote Tim Keiningham, "Simple and wrong is simply wrong."

Defining the Customer Experience Metric

At Beyond Philosophy, we have spent a lot of time perfecting our technique to define the customer experience metric. Let me share with you some key secrets:

Firstly, you need to go through an "exploratory" phase. You need to go out to your customers and define statistically which touchpoints are critical to driving value to your business. Most importantly, this also means considering not just rational effects, but also emotional and subconscious effects—anything less will, again, not be customer experience.

So in your call center, you may think "caring" might be a great thing to measure with customers. But, what does that mean? Which touchpoints are important to driving this emotion, and is this even important? Will it drive loyalty to our business? Sounds good, but is it? Perhaps what call center customers really want is it to feel relaxed and unconfused.

As part of our approach to this exploratory phase we undertake something called "Emotional Signature." This is a robust statistical means of quantifying the emotions and subconscious, which touchpoints drive the emotions and subconscious and how this relates to business value i.e., we define our metric on what delivers best value to the business. We use what we call the "three-stroke model" to do this:

1. Get a quality measure of your touchpoints from customers and define which are conscious or subconscious.

2. Get a measure of emotions from customers.

3. Work out which touchpoints and emotions have the biggest effect on value.

To do this involves the application of science through predictive modelling, but at the end of the day, what you get is a very robust, quantitative measure of which touchpoints and emotions to include in your CE index based on how much they drive value to your business.

Sounds complex—well, yes, it is, because you are asking a complex question. The reality is, though, it is straightforward to undertake. All you are doing is measuring customer response through a 10-minute or so survey, applying robust statistics, and coming up with a robust metric usually of five or so questions. Simple.

Secondly, once you have the results, you are now in a great place to determine which elements should be in the Index. This means not just looking at the straight statistical results but also considering things like: Do we have a program in place to deal with this? Can we afford to execute an experience intervention on this? And so forth. We call this a "touchpoint selection session." This is as important as the point about a CE metric is—it is a call to action. You measure your metric because you want to change and manage your experience. If what drives most value is too costly to change, then it is entirely acceptable for it *not* to be in the metric.

So your CE metric is an index of around five things, developed through a combination of "hard science" and business art.

Experience and Emotion Tracking

Once you have your index it is pretty simple to embed this as a measure and track any changes in the emotion states of customers or the quality ratings of your experiences. Any deviations from the norm can be flagged.

One particularly nice aspect to tracking is, in fact, this concept of an emotion tracker. Typically, organizations may hold trackers in terms of the physical side of the experience and next to nothing on the emotion side. Part of the reason for this is that it is difficult for a call center to know which emotions are important and what they should do to evoke a better emotional experience.

You have already undertaken the exploratory work, so this question has already been answered! We have applied the science of emotion, we have the evidence, we don't just depend on our own folklore response—let's care about them.

In our work with Maersk, we found that identifying the key emotions of interest can also be a great way to engage employees. With this company, "pleased," "cared for" and "trust" emotion states formulated their customer experience statement for employees. They also were clear about what this meant in terms of problem resolution, so were able to change their experience physically—a change that led to a 40-point increase in their Net Promoter scores.

Another thing we constantly find is how important the human side of an interaction is. In truth, this really comes out when you measure the emotions; not measuring the emotions can hide this.

Here is some empirical evidence for the value of emotions for you to consider: When models of customer behavior "with" or "without" emotion were compared, without emotion predictions of value were substantially less accurate. Of total predicted levels of trust and likelihood to recommend earned from customer experiences, about three-quarters was (either directly or indirectly) derived from emotional, not rational, factors. Without emotion, the total value predicted to be derived from the whole experience was underestimated by 41%; likewise the value predicted to be derived from recommendation was underestimated by 25% ("*Why We Must Measure Emotion*," *Research* Magazine, August 2010, www.research-live.com).

Likewise, we found that, even if you are in a traditionally considered "low-emotion category," the effect of emotional engagement can counter-intuitively be much stronger when it happens on value ("The Predictive Power of Emotions," Oct. 8, 2012, Beyond Philosophy Blog, www.beyondphilosophy.com). Think about it, with a Disney call center, you expect emotionally engaging service; with an insurance company (as an example) it's a surprise that can really make you stand-out from the crowd.

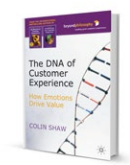
Management Implications

Make sure that you properly devise a customer experience metric and do not depend on proxy measures. Once devised, make sure that it fits with your corporate goals (i.e., you are not just measuring for the sake of measuring) and that you can use it to see how your experience changes with an execution. You must also continuously track your CE metric and ensure that emotions form a part of it.

End to end, it can take as little as two months to devise a tracker. It's time well spent, rather than focusing your customer experience efforts in measures that are not customer experience. Considering how much value is left on the table with emotion, can you afford not to measure it, understand it and embed it in your business as a key component of your CE metric?

Steven Walden is Senior Head of Consulting and Research at Beyond Philosophy, and coauthor of *Customer Experience: Future Trends and Insights*.

✉ Steven.walden@beyondphilosophy.com
www.BeyondPhilosophy.com



The DNA of Customer Experience: How Emotions Drive Value, is available at: www.beyondphilosophy.com/thought-leadership/books#book3

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Pipeline Publishing Group, Inc. PO Box 3467, Annapolis, MD 21403
(443) 909-6951 | info@contactcenterpipeline.com