



Hearing and Acting on the Voice of the Customer

Enterprise feedback management (EFM), voice of customer (VoC), and voice of employee (VoE) programs and surveys, and social listening obtains actionable customer insights

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Introduction

Obtaining and understanding the Voice of the Customer (VoC) is critical to future customer loyalty, customer social media brand promotion, and in marketplace differentiation. Money talks, but tracking and analyzing customer transactions represent only one set of tones. Customer attitudes towards brands, shaped by their experiences with products, sales, service, and support, comprise the others.

As a result, companies are giving VoC greater strategic importance. How they choose to gather VoC data and use the insights, will determine their ability to grow and succeed.



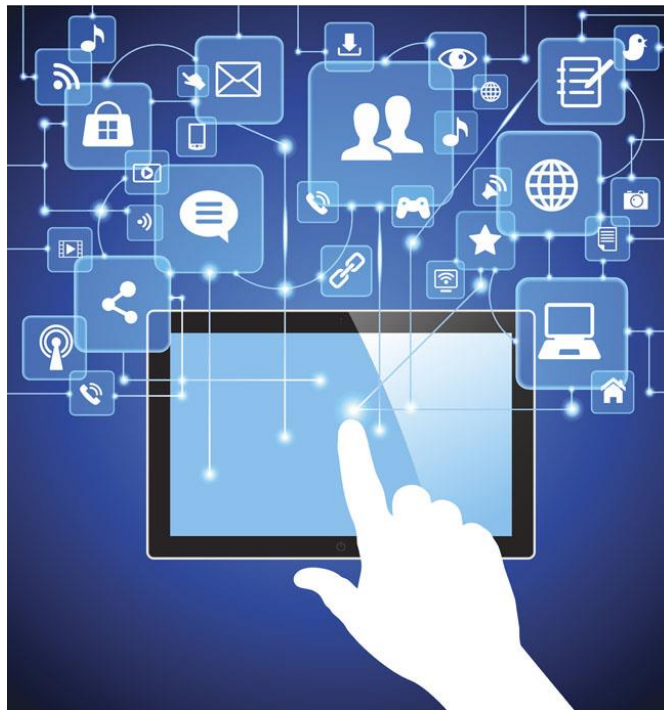
VoC Trends

Here are several key developments that are shaping the adoption and use of VoC methods and applications:

- **Customer empowerment.** Customers are aware of their growing value and power in today's highly competitive economy. They research companies before buying, and their social media comments influence other customers' buying and loyalty. eCommerce sites and global logistics have given them worldwide access to suppliers. On-demand, and no-contract products and services, and easy return policies readily permit customers to change goods and vendors. The products and services are themselves becoming commodities. As a result, companies have had to focus on delivering excellent Customer Experiences (CXs) as market differentiators.
- **Customers' willingness to give feedback on their terms.** Today's customers seek to engage with brands and improve their CXs. They believe their voices are valuable and that they have a right to be heard. But customers want to give their views on topics that are important to them, in their own words, and at their convenience. Customers are mobile, busy, and are multitasking. Consequently, they do not want to take part in long surveys.
- **Shorter, blended feedback.** In response, companies are moving away from long, structured surveys to shorter and open-ended questionnaires. These forms permit

customers to provide details through free-form responses. These surveys capture specific answers to posed questions, uncover new insights, and promise to boost response rates. All of this enhances data validity.

- **Transcending surveys to fully capture VoC.** Companies are expanding the VoC horizons from formatted post-interaction enterprise feedback management (EFM) surveys and focus groups. They are beginning to collect and integrate multichannel customer feedback, company interactions, social conversations, transactions, loyalty card use, and store and web site visits. They seek to clearly hear customers, and to act on the insights, in order to improve the CX and productivity, and ultimately profits. In turn, EFM is becoming redefined as VoC management and there is some interchangeability between the terms.
- **Advanced speech technology VoC applications.** Speech technology advancements are powering voice surveys, thereby making them customer-friendlier on mobile devices. Speech analytics allows companies to mine calls for customer sentiment in phrases and keywords. Companies can drill down into individual calls to hear the VoC.
- **SMS/text surveys.** With customers dependent on always-on mobile devices, companies are using outbound SMS to elicit feedback. The in-moment speed and immediate experience recall, while they are fresh in customers' minds, outweigh the short survey lengths. In turn, companies are moving away from outbound IVR surveys. Customers generally do not like IVR. Wishing to avoid scams, they are less likely to answer calls from unfamiliar phone numbers.
- **Sophistication and value of social feedback.** Social listening quickly detects issue firestorms, product ideas, and sales opportunities. But the channel also provides dynamic, incisive, real-time, and often (but not always) authentic VoC. They are driven by the topics customers are most motivated to comment on. Customers are becoming more comfortable using their real identities, as opposed to handles. Companies can then connect social commenters to customer files. They are figuring out how to optimize informal and formal social communities to obtain meaningful customer feedback. They are also learning to separate the authentic and representative comments and commenters from the bots and trolls.
- **Moving to the customer journey.** This strategy enables companies to see and understand the CX totality by looking at the steps customers have taken in their engagements with them. The journey method aims to improve customer engagement, issue identification and resolution, and to enhance customer loyalty. Companies want to see which journeys customers took that led to the survey results.
- **Listening to the Voice of the Employee (VoE).** How staff engages with customers impacts the VoC. VoE surveys and quality monitoring can uncover issues that cause unsatisfactory CXs or discover ideas that improve them. VoE programs look for underlying causes behind poor employee attitudes, e.g., poor supervision, management policies, closings, layoffs, and reorganizations. These factors can negatively can negatively impact morale and lead to absenteeism and churn. Companies also are looking to link employee metrics to business outcomes, such as reduced customer churn, and increased cross-and-upsells.
- **Greater ownership.** Companies are bringing VoC program management talent in-house. They want more control and flexibility over their CX programs based on evolving needs and feedback cycles. Businesses are becoming more involved in solution implementation and program design.



VoC Challenges

Applying VoC methods and solutions face evolving issues. Here are several:

- **Declining response rates.** The causes include customer lack of patience, and poorly constructed, overlong, and over-structured surveys. Customers *do not* want to drill through long lists of questions when they only want to tell companies one thing. The ubiquity of mobile devices has exacerbated these issues through their small form factors and expensive data plans. Low response rates call into question the validity of data and any insights gathered from it.
- **Survey validity and actionability.** Surveys may not accurately capture the true VoC. Customers tend to respond to surveys only if they are highly dissatisfied or satisfied, which skews the results. There also may be dissonance between customers' responses, comments, and future actions. Customers may have had excellent CXs, but they may not want to buy again for budgetary reasons. Hence the need to understand customer buying habits and cycles i.e., customer journeys, value, incomes, and demographics. Dissatisfied customers may continue to buy products from vendors because they did not like the alternatives, or none were available (demand inelasticity).
- **Unsolicited feedback proliferation.** Customers may be less willing to take part in formal surveys, but they have become much more willing to share their experiences and opinions. There are many discrete sources for it. More customer feedback is unsolicited than solicited as a result. Consequently, companies are trying to figure out how to handle the vast quantities of information.
- **Sifting value from social.** Social listening is mostly limited to B2C companies; although it will expand for B2B firms as social-savvy newer generations enter the workplace. Even then, social is most relevant for larger brands where there is high volume of comments. The channel's noise to content ratio remains low, requiring extensive filtering and analysis to obtain value from the data. In order to fully understand the CX, social listening works best when integrated with other channels.

- **Managing multiple feedback channels.** Customers use multiple channels to communicate and provide feedback to brands. But too often these channels are silo'ed, which inhibit companies' abilities to obtain single sources of the truth.
- **Obtaining the full customer story.** Surveys touch on customers' issues from their experiences, but they do not capture the breadth and impact. Companies may then require additional details to ascertain the problems, determine the causes, and fix the problems. For example, customers may have difficulties using online checkout carts. But without knowing the details, such as browser types and versions and time of day, the issue's extent cannot be determined. It could be affecting every customer on the checkout page, or only those using specific browsers.
- **Data source consolidation.** As data becomes more plentiful, analyzing it is becoming complex. Consequently, many companies struggle integrating the data in order to create a single source of truth. Specialized business intelligence tools help companies. Additionally, many VoC platforms make the integration of new operational data sources difficult and time-consuming. The data itself must also be cleansed, accurate and be securely managed.
- **Increasing talent requirements.** Companies are faced with developing internally, or hiring outside talented staff in order to fully benefit from complex research requirements. These qualified practitioners understand how to create and implement best practices. This places a premium on and creates competition for this talent; resulting in higher costs.
- **Metrics limitations.** Measurements such as customer satisfaction (CSAT) score, Net Promoter Score (NPS) and the Customer Effort Score to determine and measure VoC. But companies are learning that each has their strengths and weaknesses. Strong results do not always lead to higher customer loyalty and sales. The questions may not allow customers to differentiate the CX elements (i.e., products, customer service, and dealers) to pinpoint issues and opportunities.
- **B2B obstacles.** Obtaining VoC in B2B, via VoC surveys, continues to be more prevalent than in B2C. CX leaders must cope with lower sample sizes. They must also to determine the right users (i.e., those who are involved with buying decisions) from whom to solicit feedback. There are now lines of business (LOBs) and individual users who source products. They sometimes do so without IT or other departments' knowledge (shadow IT). Moreover, their responses are more specific, technical, and often more difficult to understand than in B2C surveys and comments. For these reasons it is critical to integrate B2B customers' indirect feedback from sales, service, and support questions in order to obtain true and actionable VoC.
- **Determining and generating VoC ROI.** It is not always axiomatic that satisfied, loyal customers results in higher revenues and profits. Brand cachet, features, quality, convenience, and pricing impact customers' buying and referral decisions. But companies may lack access to hard metrics that enable ROI calculations. They include customer value, customer churn rates and revenue to churn, customer acquisition costs, and growth rates. But without direct links between VoC program investments and outcomes, executives may find it difficult to obtain funding for them.

Summary and Recommendations

Companies increasingly recognize the value of VoC in today’s customer and business climates. As result, they are making VoC a top priority, moving it from nice-to-have to a must-have. VoC is viewed as a critical path item for continued growth. However, applying VoC methods and solution face evolving issues.

Exhibit 1 shows the key VoC trends in North America from 2016 to 2022.

Exhibit 1: VoC: Key Trends, North America, 2016–2022

VoC Key Trends			
VoC Key Trends, North America, 2016 - 2022			
Drivers	1-2 Years	3-4 Years	5-6 Years
Customer empowerment, with informed customers who have supplier choices and the ability to influence others seeking excellent CXs	H	H	H
Customers' willingness to give feedback, but on their terms, with shorter, free-form, and mobile-optimized surveys	H	H	M
Complete, integrated VoC beyond surveys, including conversations, transactions, loyalty programs, and store and web site visits	M	H	H
Social feedback, such as social listening, and utilizing formal and informal social communities	M	H	H
Customer journey model and mapping, with companies wanting to see the journeys customers took that led to their feedback	M	M	H
Voice of the Employee (VoE) through surveying front line staff to get their customer interaction perspectives, address issues that lead to customer and staff churn, and obtain ideas	M	M	M

Impact ratings: H = High, M = Medium, L = Low

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Exhibit 2 shows the key challenges in VoC in North America from 2016 to 2022.

Exhibit 2: VoC: Key Challenges, North America, 2016–2022

VoC Key Challenges			
VoC Challenges, North America, 2016 - 2022			
Drivers	1-2 Years	3-4 Years	5-6 Years
Validity and actionability, impacted by customers willingness to take part, survey construction (i.e., questions, mobile optimization), and demand inelasticity	H	H	H
Obtaining the full customer story, as surveys alone do not capture the breadth and impact of the CX, which shape customer loyalty, social referrals, and buying	H	H	M
Managing unsolicited and multichannel feedback, which provides large volumes of unstructured data	H	M	M
Determining VoC program ROI, when companies lack access to hard metrics, e.g., customer value, churn rates, customer acquisition costs, and expected growth rates	H	M	M
Data management, with VoC providing growing volumes of information that must be consolidated and analyzed to create actionable single sources of truth	M	M	M
Metrics (e.g., CSAT, NPS) limitations, with each having strengths, weaknesses, and may not reflect customer behavior, or capture detailed customer experiences	M	M	L

Impact ratings: H = High, M = Medium, L = Low

Source: Frost & Sullivan

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Here are several recommendations to help companies benefit from VoC:

- **Close the feedback loop.** Companies that derive the most value from VoC programs are those that have organizational commitment to decisively act on customer feedback. They have embedded closed-loop processes into their programs. These ensure that the VoC receives timely review and action to correct issues, and tap opportunities.
- **Measure the emotional impacts.** Customers remember less about companies' actions and more about how those engagements made them feel. For this reason, companies glean attitudinal, behavior, and customer insights from VoC data. Those that foster positive emotional experiences could realize stronger loyalty, reduced churn, and more customer brand advocacy.
- **Layer the VoC.** There are no one-size-fits-all surveys and solutions. Instead, companies should offer short multichannel mobile-first surveys. They would have free-form responses that allow customers to embed images and video. Companies also should automate immediate responses and determine whether customers are still in the experience they are discussing i.e.in-moment. They must make surveys relevant to customers and inform them about how their feedback will be used. Companies should incorporate and integrate all other VoC inputs, including transactions, interactions, inferred feedback, social, and VoE.
- **Use and expand benchmarking.** Companies should compare themselves to competitors, peers and best-in-class companies across industries. They should identify CX metrics (e.g., customer satisfaction, likelihood to recommend and to return) that allow them to see where they stand.
- **Integrate VoC with PM/QM.** Companies should bring the VoC data directly into performance management (PM) and quality management (QM) disciplines. This

mechanism ensures that contact center agents are being coached to improve the CX based on actual customer interactions. Simply put, it improves agent performance. It creates a closed-loop process that will be reflected in survey results.

- **Connect the departments.** VoC programs depend on companies' linking departments and data to obtain unified customer views. This includes journeys across channels and product lines. Managers have to understand how any VoC-driven changes will affect other departments.
- **Internalize learnings and competency.** Companies should communicate through a channel to analyze and share VoC insights with executives and frontline employees. They should leverage these skills and insights over time to build a competitive advantage. Otherwise, if their core competencies and knowledge is restricted to a few people or groups, the full value of VoC programs will not be realized.
- **Enable VoC program ROI.** Companies should connect CX scores to measurable business outcomes to calculate and monitor ROI. They should also find and engage internal champions and executive sponsorship. Companies have to assess and inventory existing listening programs and channels. They can then be incorporated into new programs to avoid duplication and wasted budgets.
- **Trial VoC programs.** Companies must take a long-term view of VoC programs. They should determine how they can improve the results of specific departments and, or meet corporate goals and targets. Piloting uncovers improvement and opportunity focus areas. With that experience they can embark on larger projects. For example, companies can pilot a VoC program for a new product launch and gradually expand it to cover the entire product line.

VoC Use Cases

Pella

Pella is an award-winning manufacturer of innovative and energy efficient doors and windows. The company, headquartered in Pella, Iowa, has been building a brand noted for quality and customer satisfaction since its founding in 1925. It has over 6,000 employees, 200 stores, and dozens of partner resellers. It also has a 150-agent contact center that serves both its B2B and B2C customers. Through them, Pella is committed to offering its customers products that improve their homes, and their lives.

The Situation

According to Qualtrics, Pella's experience had taught the company that it has small windows of opportunity when engaging with customers to make sales and to create lasting customer relationships. The company accomplishes and reinforces this through timely service and support.

Pella instituted an EFM program in the late 2000s to improve the CX because the company believed it would drive significant business value. For Pella, making customer feedback part of business decisions can be the difference between success and failure. That meant creating a program that would listen to customer feedback, interpret and act on it, and monitor progress.

But by early 2014, Pella began seeing declining NPS and CSAT scores. The company learned that it could not reverse them with its existing EFM solution. It realized that its tools had limited ability to measure transactional experiences because they reported them in batches. This

practice caused delays in the dissemination of feedback to internal teams. It missed opportunities to rescue upset customers as it received the data too late to take action.

Additionally, Pella wanted to combine their market research and digital feedback tools with their EFM application, as the company also conducted periodic brand relationship tracking. However, the application had could not perform sophisticated customer research that would improve its products and marketing.

Pella concluded that its EFM software had finally become outdated, inflexible, slow, and too expensive to maintain and upgrade. The company's previous external partner charged fees and it took a long time to implement changes and updates. Consequently, Pella made very few updates over the years, which placed the program in an increasingly untenable position.

The Response

Pella realized it needed to be more agile for its EFM program. The company researched vendors, during which time it learned of, and decided, on Qualtrics. With Qualtrics Pella could take more control over its EFM program, closely collaborating with the vendor as a partner. It gained the ability to make changes to the solution in minutes. The company wanted to customize every aspect, from surveys to analytics, dashboards, ticketing, and closed-loop feedback mechanisms.

Pella and Qualtrics agreed to roll out a program that would increase the amount of customer feedback touchpoints and improve its customer lifecycle understanding. Pella sought to drill down on the reasons for declining satisfaction through key driver analysis. The company also sought to decrease close-the-loop time with customers. Equally critically, it wanted to improve its understanding of the root causes beneath customers' problems.

Pella signed an initial purchase agreement in early 2014 with Qualtrics to use its market research tools and conduct limited customer research. In summer 2016, the company signed on to use Qualtrics' full end-on-end customer feedback management that brought its entire program onto the Qualtrics platform.

Implementation took two months to complete, as compared with 18 months with its previous EFM provider. Pella and Qualtrics seamlessly integrated data from its legacy solution into a unified database. They created six new CX surveys and brought them into their dashboards for an integrated role-based view of their insights. Pella shares these dashboards across its organizations. For example, it has location-specific views for individual managers and stores.

Pella sends out email surveys following every brick-and-mortar retail transaction. The company conducts online post-transaction surveys through the Qualtrics web intercept solution. It issues surveys for service and licensed contractor interactions and for interactions with the Pella Professional business unit. Finally, Pella uses Qualtrics for internal customer initiatives. The Pella marketing team buys advertising in media for retail branches and conducts surveys to understand how effective the media was with customers.

The Results

Pella began seeing significant improvements following the initial Qualtrics implementation. The solution enabled the business to act on customer feedback in near real time to improve the entire CX. Pella collects feedback across all touchpoints, channels (online and offline), and devices. Qualtrics' dedicated respondent management tool allows Pella to control contact frequency and prevents over-surveying.

Pella undertook feedback analysis in-house, leveraging structured, unstructured, solicited, unsolicited, and direct and implied product, interaction, and relationship data. The dashboards have allowed Pella employees to automate some routine analyses.

As a result, problem resolution plummeted by 95%, with time-to-issue resolution shrinking from one day to one hour. The company saw a 7 point year-over-year improvement in customer-facing employee engagement and a 9 point NPS increase. These data points translated into a 5% growth in Pella's customer loyalty from repeat purchasers.

"I'm a raving fan of Qualtrics, and I am grateful the high level of support that my team at Qualtrics provides," said Lori De Nooy, Manager, Customer & Business Insights, Pella.

Philadelphia Insurance

Philadelphia Insurance Companies (PHLY) designs, markets, and underwrites commercial property casualty and professional liability insurance products. The company incorporates value-added coverages and services for select industries. PHLY is headquartered in Bala Cynwyd, Pennsylvania, and it has 50 offices located across the United States. The company is a member of the Tokio Marine Group, a leading Japan-based global property and casualty insurer,

The Situation

According to Confirmit, the sharp and deep 2007-2009 recession radically changed the insurance industry. Customer policyholders had more questions, hesitancy, and concerns, says Seth Hall, PHLY Senior Vice President of Customer Service. As a result, previously expected market share was no longer guaranteed and the competitive landscape began to get crowded.

The insurer realized then that long-term success in this new market required a fresh strategy. But it also recognized the long-term value of providing an excellent CX.

"We needed a differentiator to set us apart from the competitors while adding incremental value to the business," said Seth. "But how would we accomplish this?"

The Response

PHLY had been conducting annual NPS and transactional contact center surveys. But they were not well organized and planned, reports the insurer. It then decided it needed a formal VoC program.

"We didn't do enough with the data that came in, and we weren't sharing that data across our company in order to realize a true end-to-end benefit from the surveys or the data," said Seth.

PHLY then turned to Confirmit in 2011 to design and implement a VoC program that would enable the insurer to gain a line of sight into every part of the customer life-cycle. The solution would listen, analyze, and act on customer and agent feedback. Its role-based reporting, customizable dashboards, and real-time data access would guarantee that the insurer's team set (and met) customer-relevant metrics. This coordinated approach would ensure that PHLY mined actionable insight from every point of the customer lifecycle. It extends from the sales process to back-end transactional pieces, such as claims and problem resolution.

Key to the PHLY VoC program is the comprehensive Confirmit Action Management technology. The solution enables prioritization of open items. It has alerting, advanced case management, and task-centered case processing. It also equipped the PHLY team with the information they needed to take corrective actions.

"Without this type of feedback it was difficult to truly integrate our customer's voice," said Seth. "The management team now uses the insights to assist with our strategic direction."

The Results

The new Confrimit-powered VoC program helped to revolutionized PHLY's customer service. More than 26,000 customer survey responses were collected in 2015, which resulted in meaningful improvements for customers and ultimately the company.

The insurer discovered that billing issues accounted for 33% of complaints. This data led it to purchase a more efficient billing system that enables agents to more effectively manage and assist customers. It quickly reversed a cost-cutting policy of sending auto ID cards with renewal notices for its collector car insurance product, following feedback from 130,000, or approximately 10% of these policy holders.

The customer feedback program also revealed that agents and customers were frustrated by the "black hole" into which insurance applications entered and lacked confidence about the next steps. PHLY then implemented an automated response process that provides key contact information. This improved process built a new level of trust with the insurer.

"The sophisticated Confrimit dashboard enables us to parse the data by product, geography, or even business process, such as a claim or a call center query," said Seth. "With three clicks of a button instead of three days of analysis, a regional manager can gauge a group's performance."

Customer feedback led to other service improvements that also cut costs. For example, customers found chat to be an excellent means for answering questions and resolving issues, but they had difficulties finding the chat button on the web site. PHLY then changed its location, which generated a 10% chat volume increase, while reducing call volumes.

More fundamentally the Confrimit-gathered data accelerated the establishment of a strong customer and policyholder-first corporate culture. Philadelphia Insurance began publishing an annual customer experience report. It includes customer service facts and FAQs and details how VoC plays a role in the company's business. The report also includes comparisons of previous years' CX ratings with current year data that show customer success and areas for customer experience improvement.

Meanwhile, PHLY's agents now feel free to voluntarily extend personal touches to policyholders, such as by writing hand-written thank you notes. This program has become popular with them that reflect their commitment to customers. Customers have been so moved by the gesture that the insurer has received handwritten notes in response. In turn, agents and other employees are recognized by PHLY through regular "kudos alerts" when they receive very positive feedback from customers.

As a result, PHLY's NPS rose from 51 in 2011 to 54.7 in 2015. It had a 96.3% Overall Customer Service Satisfaction in 2015. Accordingly it saw its account retention and revenue rates increase.

"We have derived tremendous value from our VoC program," said Seth. "We now listen smartly, with purpose."

The Last Word

VoC, or EFM methods and applications are proving their value in a marketplace where customers rightfully insist on being heard - and on multiple channels. Not listening or paying lip service to them, or their employees whose work affects customers, are no longer options. The companies that are most attuned to the VoC stand a strong chance of success.

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