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IMPROVING AGENT PERFORMANCE THROUGH IMMEDIACY OF CUSTOMER FEEDBACK.



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EXECUTIVE SUMMARY

If everything in business is a cycle (sales cycle, production cycle, survey cycle), then improving that cycle should be seen as a way to improve your business. A tool for differentiating your products, services, pricing from the competition. Improving a cycle can mean speeding it up. If your sales cycle is six months and you can figure out a way to shorten that to four, that's more cash-in, sooner (not to mention happier sales people and CFOs). Improving a cycle can also mean making it smarter or more efficient. If you waste 3% of a particular component in your production process and you figure out a way to reduce that to 1.5%, that's less cash-out.

The C-SAT Survey process (measuring customer satisfaction with a service or sales transaction) is also a cycle: The customer contacts your company, you complete the transaction, you then ask how well you did meeting expectations, the customer tells you, and you respond.

Knowledge Wave set out to understand how improving this feedback cycle could help improve agents' performance, strengthen the customer's experience, and, ultimately, the customer's willingness to make repeat and related purchases from your firm. The driving hypothesis was that a faster C-SAT cycle will provide more value to your company across all of these measures.

This study was an empirical review of the million-plus C-SAT surveys sent out every month through Knowledge Wave's *ServiceWave* suite of products and services. With more than 250 customers worldwide in dozens of industries, this population represents an extremely robust sampling of transactional experiences and the feedback customers provided. For consistency, this initial review focused only on email-to-web surveys, leaving out web pop-up, telephone, and voice surveys. Unless otherwise noted, observations apply equally to Service and Sales transactions.

The results confirm what we suspected: Faster C-SAT cycle times improve performance, although smarter cycles are generally better at improving both customer opinion and purchase behavior.

In the next few pages we will discuss the high level results of this analysis across three components of the typical C-SAT program:

- Participation: How many customers take the time to provide their feedback? Are there differences in the depth and breadth of the feedback?
- Responding to customers: What is the impact on customer loyalty and behavior when we respond more quickly to a -SAT survey, whether negative or positive?
- Responding internally: Are there any significant differences in agent performance or innovation levels for faster C-SAT programs?

As we shall see, the answer to all of these questions is that faster C-SAT cycles are more valuable to the customer and to the company. The good news is that technological innovations like Knowledge Wave's *ServiceWave* make these advancements not just economical but flexible and robust, designed to grow and adapt with your business.

METHODS AND PROCEDURES

We looked at two components of the speed of a C-SAT cycle: How quickly the survey was delivered to the customer upon completion of the transaction and how quickly the company responded to an individual customer's comments upon completion of the survey. Responding to an individual survey includes communicating with the agent and / or the customer. For agents, a negative survey can result in additional feedback while coaching the agent, whereas a positive survey can result in a "Kudos!" recognition to the agent of a job well done. For customers, a negative survey can result in some mitigating action directly to the customer, while a positive survey can result in asking the customer for additional business, a referral, a testimonial, or any other action that will benefit the company.

Fast survey cycles are simply those, which get the survey to the customer sooner and enable the company to action more quickly.

We categorized surveys as more or less "smart" depending on how individual and specific the processes of the C-SAT cycle is. Example criteria:

- Including specific information about the transaction in the email invitation and questionnaire (agent name, product purchased, transaction date).
- "Smart" branching in the questionnaire: Asking only questions pertinent to the customer's experience *without* having to ask details from the customer (was the service request initiated via web or phone? Did the customer purchase a warranty?).

- Are important results “pulled” by the client and then disseminated? Or, are they triggered automatically on completion of the survey through an alert email or integration directly with the CRM system?
- If results are triggered on completion of the survey, are they sent directly to the individual agent or agent’s supervisor? Or, to a generic email alias?
- Are individual actions taken with the customer (asking for a referral or additional business, for example) done on a regular, “batch” basis or automated, immediately on completion of the survey?

As we shall see, speed of the C-SAT matters but a “smart” C-SAT has even more advantages.

RESULTS OVERVIEW

CUSTOMER PARTICIPATION

How long after the service or sales transaction completes before you ask for feedback (what we’re calling “invitation lag”) correlates positively with how many customers accept your invitation and provide their feedback. In other words, the sooner you get the email to the customer, the more likely they are to respond. Not only that, those responses prove to be both deeper and more constructive. We looked at three measures of the direct impact from invitation lag: Participation rate, percentage of customers who provided unstructured feedback, and the depth of the unstructured feedback as determined not just by length but value (constructive criticism counted more than mere complaints, for example).

A summary table is included below:

Speed of Delivery	Invitation Lag	Participation Range	% Providing Unstructured Feedback	Value of Unstructured Feedback
Near-realtime	2 - 5 minutes post-call	14% - 17%	> 20%	H
Frequent batch	30 - 60 minutes post-call	12% - 15%	>10%	H
Daily batch	No more than 24 hours post-call	8% - 10%	~ 10%	M
Weekly batch	No more than 7 days	4% - 6%	~ 5%	L

This has a number of implications for the value of the C-SAT cycle. The first is that if your participation is high, you can reduce the sampling rate (surveying just 10% of closed cases, for example, instead of 20%) without reducing the validity of the sample size. You might also lengthen the window of exclusion between invitations (making a customer eligible for a survey every 90 days instead of once a month).

This lowers the burden on your customers *and* decreases any bias in the results from those “frequent flyer” survey participants.

The second improvement from a smaller invitation lag is that respondent recall is very high. We all know our memories degrade quickly. A couple hours after an event takes place, we start to forget the details and by the next day, we have just general impressions. After a week, we may not even remember we called the company! While there are tools we can use to help anchor the customer in the event (for example, by including individualized, specific information about the event in the invitation and survey itself), the best solution is to get the customer’s opinions quickly, *before* the memory degrades into vague impressions. Not only do you have wider participation but you have deeper participation as well.

A third improvement to your C-SAT program from a short invitation lag is that it supports faster responses to the customer’s feedback. We’ll discuss that in more detail later but anything that decreases the cycle time for the overall C-SAT program is providing value. If, for example, you are able to provide detailed coaching to the agent using customer feedback the day after a call occurs, you will be much more likely to reinforce positive behavior and correct mistakes than if you wait a week or month. There are two general types of immediate responses to a customer’s feedback: Action taken directly with the customer and action taken directly with the agent or the internal process / policy which related to the customer’s feedback (see the next sections).

As important as speed is when it comes to inviting customers for their feedback, making the survey “smart” by personalizing and individualizing the survey experience is just as valuable for both participation and depth of feedback. To take just one example, compare smart surveys versus generic ones when the invitation is delivered within 24 hours of the transaction. On the table above we provide

the average range of 8% - 10% of invited customers complete the survey, that range is almost entirely driven by whether or not the invitation contains information specific to the customer and the event (with the personalized invitations making up the high end of the range). The same holds true for depth and value of free text comments.

Another metric of the value of the C-SAT cycle is survey completion rates: How many customers complete the survey compared to how many start. 80% is good enough but closer to 90% is what we generally target for these short, transactional C-SAT programs. Surveys where we ask the customer operational information (“Did you contact us via web or phone?”) show significantly lower participation rates than those where we know this information and are able to branch to the appropriate questions without having to ask the customer. And it is no surprise that the point of abandonment is when we ask that operational question. The customer seems to think (rightly) that we should know that information already.

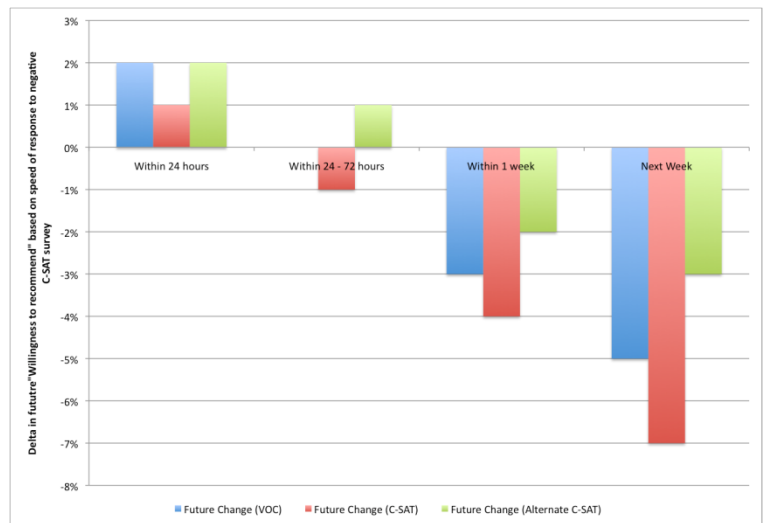
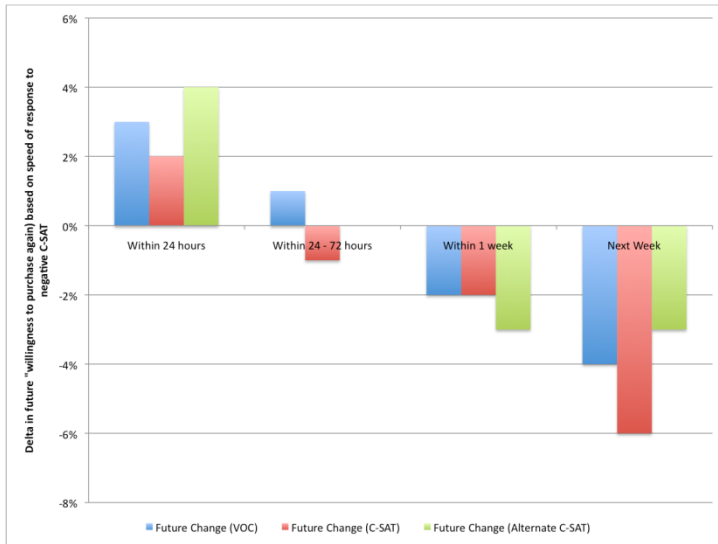
RESPONDING TO CUSTOMERS

Unfortunately, service errors do occur. Sometimes the product the customer wishes to purchase isn't available but the catalogue hasn't been updated. Or the agent might not fully understand the source of a problem and spends too long troubleshooting the wrong issue. When an error occurs and the customer takes the time to tell us about it, it is important to take action as quickly as possible to salvage the relationship.

This might be as simple as an automated coupon or free shipping on future purchases. Often it results in contact (a phone call, email, even formal letter) from a person in a position of authority who can take action to make amends. Although the recovery offer is generally little different than the automated kind, these personal contacts from a person in authority are deemed to demonstrate to the slighted customer how serious the offending company takes the error.

Regardless, we generally do not survey *after* the escalated contact ... the company should know enough internally to judge the effect their actions have on the frustrated customer. And at some point, it is just rude to keep asking customers for their anonymous feedback.

However, that customer *is* available for future surveys. When we look at what that customer says in the future, the length of time between submitting a negative C-SAT survey and receiving a response from the company aligns closely with the level of future customer engagement. As the charts on the next page illustrate, the longer it takes to respond to and resolve a negative C-SAT survey, the less likely you are to salvage the relationship with that individual customer.



Of course, what the customer says in the future is much different (and at the end of the day, much less important) than what the customer actually does in the future. It's cash-in-hand that makes the valuable customer valuable, so we looked at two future behaviors which you would expect to be influenced by a negative interaction with a company (and how the company responded): Future purchases within an expected timeframe and whether or not the person was more or less likely to opt-in to company communications. Because B2B relationships are generally more complicated than consumer relationships (the person who calls the service center is most likely *not* the same person who makes the final purchase decisions), these findings are restricted to B2C businesses.

The speed of responding to a negative survey turns out to have little impact on future purchases. There was no noticeable increase in future purchases that could be attributed to a response the same day compared against a response within a week. This analysis was problematic, however, because even in a B2C business, the definition of "future purchases" can be tricky. Think of a rental car company (none of which were included in our study). How many trips does the average consumer take in a year? Even the average businessman? What about the growing trend of urban dwellers to not own a car but rent one when the need arises? Considering the changes in both corporate and consumer behavior the last few years, building a model of behavior based on past rental engagements would be very difficult.

For these reasons we looked at the customer's willingness to opt-in to the company's communications at some point in the future. From previous research Knowledge Wave has performed, we know that a customer's opt-in status is one of the best indicators of satisfaction with a transactional experience and stated loyalty. Those who have opted in to hear your company's messaging are much more likely to be satisfied with the experience (both sales and service), much more likely to express willingness to make additional and repeat purchases, and to make enthusiastic referrals.

We were surprised to identify no significant impact on the speed of responding to a negative survey to opt-in rates until we split out sales versus service interactions. Only for the former did we notice an increase in opt-in rates for C-SAT programs that have a faster cycle time. Drilling into that in more detail, we were able to narrow the greater impact down to first-time customers compared with repeat purchasers:

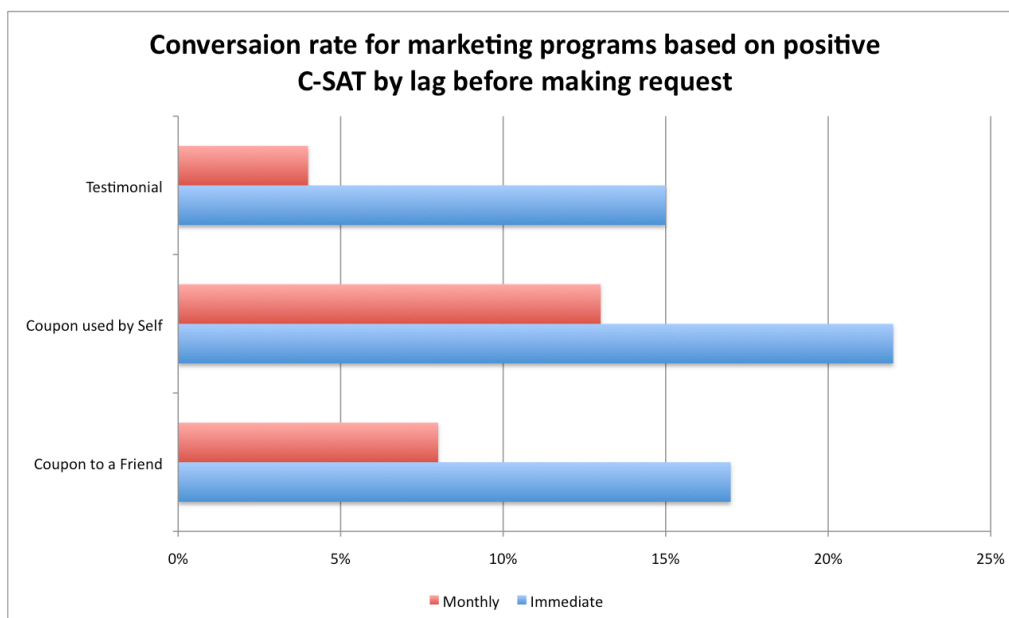
	FUTURE OPT-IN RATES – NEGATIVE C-SAT FOR SALES INTERACTION		
	First-time Purchasers	Second-time Purchasers	Repeat Customers
Within 24 hours	58%	52%	49%
Within 24 - 72 hours	55%	47%	50%
Within 1 week	51%	50%	48%
Next Week	48%	48%	47%

There are five major determinants of a customer’s perception of the value derived from your company: Service, Performance, Quality, Timeliness, and Cost. Speaking with an agent (and, for our discussion, a supervisor who was calling to fix a problem) form part of the Service component of your value proposition. It makes sense, therefore, that the person a customer interacts with has the greatest impact on new customers. Customers who have more experience with your company will make their determination on a more-or-less-balanced assessment of how well your product meets their needs, how closely it performs to how you say it will, how fast and prompt you are, and what the overall cost of doing business with you is.

Remember that surveying your customers is having a conversation with them. It’s not *like* having a conversation with them ... it *is* having a conversation with them. If there is an error on your part and the customer takes the time to tell you about it, you respond. Hopefully in an individual way to the

customer and in a systemic way to keep the error from occurring again. And, as we have seen, hopefully your response comes quickly.

But you don't get just negative responses in your C-SAT program. Positive surveys have a huge impact on the agent who handled the call (more on that later) and can also be used to your company's advantage by asking those customers to actually take action on what they say: To make a referral, make a repeat purchase, make additional purchases, or provide a testimonial. And, as we have seen throughout, the faster you ask for that additional business, the more likely you are to get it:



More valuable, however, is when you make a smart offer. Instead of a generic discount or offer for free shipping, companies who offer something that is related to the purchase the customer just made see higher action rates.

TAKING ACTION INTERNALLY

Like anybody else, customer service and sales agents love to know when they have done a great job. Positive feedback in the form of a customer survey for a recent interaction have the cyclical effect of motivating the agent to try and get more positive feedback. Knowledge Wave's C-SAT programs include an immediate "Kudos!" survey alert where-in we deliver an email to the agent and the agent's supervisor of any positive (or ultra-positive, depending on where the service management tea wishes to place the bar) survey immediately after the questionnaire is completed by the customer. This means that, on average, the agent is receiving the customer's positive feedback within 24 hours of the sale or service interaction with that customer. Supervisors and quality teams appreciate the immediacy of this feedback because the agent can more easily and more clearly recall the customer and how she handled the issue. We have even heard of both formal and informal "Kudos competitions" between service teams.

Immediacy of feedback has equal impact on agent performance when it comes to negative customer responses. The goal of agent coaching is initially to bring the new agent up-to-speed in terms of performance, professionalism, customer satisfaction, even tone and language. Eventually, the sessions are geared toward preparing the high-performing agent to move to the next level of service. A new product line or more complex call queue. When we look at the frequency of agent coaching events using customer feedback, we notice a significant decrease in the amount of time it takes the customer to reach a defined level of performance (being promoted from Tier 1 to Tier 2, for example) for the faster coaching sessions: A few weeks when the sessions occur immediately versus 6 – 10 weeks for weekly or monthly reviews.

By making these negative alerts “smart” and sending them to the agent’s supervisor (as opposed to a generic email alias or support queue), we see increased response time to the customer by up to 250%. Part of that has to do with smaller, targeted areas of focus and responsibility: If I am a supervisor with 12 agents it is easier for me to provide coaching and to provide more specific coaching to any one agent than it is if I am on a quality team with responsibility for a few hundred agents every month. But an additional component is the immediacy of the coaching session. If I can take 2 minutes with an agent while the event is still fresh in her mind, that is more helpful and more impactful than if I wait for a week and batch up a dozen or so different events.

Another impact on the immediacy of customer feedback is the rate at which the company processes the feedback and adjusts its delivery strategy to address concerns voiced by the customer. Improving the level of service your company provides is a constant cycle in and of itself: You identify your biggest challenges, pick one you believe will have the biggest, positive impact (or largest reduction of a negative impact), brainstorm possible solutions or responses, try one, and then determine if the solution worked or not. While all companies have to aggregate the data (including C-SAT survey data) at some level and time, more frequent individual alerts to a problem tend to increase the level of “noise” within the service organization for those problems. Then, when the monthly or quarterly aggregation of data is reviewed, it is easier to motivate the teams involved to take action: Your slick PowerPoint slide deck is just reconfirming something the leaders have been aware of for some time.

This makes a company more aware of and more willing to make changes to address problems. In turn, this proclivity for change tends to increase the number of smaller, incremental innovations the organization employs in order to continuously adjust to meet customer needs. It also increases the

speed at which a new process or policy completes the pilot phase and either becomes a department-wide policy or is abandoned:

speed of C-SAT feedback	# smaller innovations in 1 year	# larger initiatives in 1 year	average time for pilot of new policy (weeks)
Immediate	27.2	8.9	3.1
Weekly	18.5	4.7	6.5
Monthly	10.1	3.5	8.0

In short, smarter, faster customer feedback makes your service department more innovative and more customer-oriented just as smarter, faster C-SAT invitations make your customer more likely to provide you with the input you need to better serve them. Improved service is an important part in maintaining competitive advantage and retaining those customers' future purchases.

CONCLUSIONS AND FUTURE STUDY

There are a number of possible further implications to speeding up the C-SAT cycle. One is the impact on agent engagement. If I can achieve competency sooner and get rewarded by the customer's positive comments more quickly, it stands to reason that I will be more satisfied, more productive, and more innovative in my job as a service agent. Knowledge Wave has shown on other, direct research that agent engagement with the so-called motivational factors of employment are strong indicators of customer satisfaction with the sales and service experience. Mapping that engagement to speed and efficiency of C-SAT is one area of potential future study.

We would also like to gather some empirical evidence on the value of a follow-up on a negative C-SAT. There are many reasons a customer might still be dissatisfied with the company even after a supervisor calls and attempts to make a recovery from the error (most often when the company simply can't meet the customer's needs). What is the impact on future customer loyalty and behavior in this scenario? How much does the Service component in a customer's perception of value really matter? Or is it dependent on the industry and level of competition?

Many companies will use a coupon or other incentive as a way to try and appease unhappy customers as well as to try and encourage happy customers to purchase again. Which of those two strategies is more effective at producing future purchases? Which will have the greatest ROI or impact on growth?

DESPITE ALL THESE POSSIBLE FUTURE RESEARCH OPPORTUNITIES, WE HOPE THAT YOU HAVE FOUND THIS PAPER VALUABLE IN ANSWERING THE QUESTIONS THAT IT

SET OUT TO ANSWER: DOES A FASTER, SMARTER C-SAT CYCLE PROVE ITSELF MORE VALUABLE TO THE COMPANY AND THE CUSTOMER? UNDOUBTEDLY, THE ANSWER TO THAT IS YES.

ABOUT KNOWLEDGE WAVE INTERNATIONAL

YOU'VE NEVER SEEN YOUR BUSINESS LIKE THIS BEFORE!

Founded in 1999, KWI (“*kee-wee*”) provides innovative customer loyalty and employee engagement programs to clients in almost every market and industry. Our more than 250 clients drive business growth off of feedback programs in more than 35 languages, across all customer touchpoints. Our proprietary feedback platform provides the basis of a scientifically rigorous and effective research framework, where the philosophy is hard data and individual results rather than generic theory. Customer advocacy is different for every business and even for different types of customers within a business ... KWI helps you to understand and take advantage of the unique needs and expectations of your different customers quickly, effectively, and quantitatively.

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