

# SMARTER CLOSED LOOP FEEDBACK

**Maximise ROI of EFM programmes and  
reduce customer complaints and churn**

IPSOS LOYALTY

We know the importance of CX as a driver of biz perf. More and more companies deploy Voice of the Customer programs (VOC) or Enterprise Feedback Management Programs (EFM) to monitor the customer experience in real-time

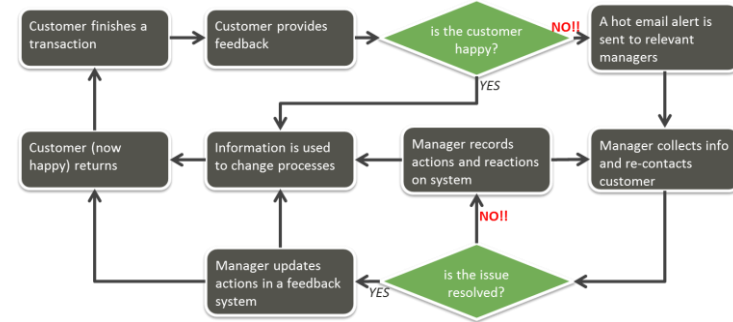
Most EFM programs have closed loop feedback systems that enable companies to generate timely flags or 'hot alerts' when a customer experiences a poor (or exceptionally good) level of service – we call these moments of truth in the cx *“Critical Incidents.”*

But too often organisations do not think strategically enough about the way they manage and respond to critical incidents. Customer facing staff are rarely given good guidance about which actions are the most appropriate

This can lead to interventions that are not targeted enough and therefore ineffective at mitigating negative customer outcomes such as bad mouthing or customer churn. In addition ineffective interventions lead to wasted efforts and resources, extra workloads for staff and increased costs.

# CLOSED LOOP FEEDBACK

- ✓ Enables companies to generate timely flags or 'hot alerts' when a customer experiences a poor (or exceptionally good) level of service – we call these *Critical Incidents*.
- ✗ But customer facing staff are rarely given good guidance about which actions are the most appropriate.
- ✗ Ineffective interventions lead to wasted efforts and resources, extra workloads for staff and increased costs.



# WE HAD SOME QUESTIONS...

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1

How often do customers experience Critical Incidents?

2

Do they vary across sectors?

3

Do they impact advocacy and loyalty?

4

How successful are companies at resolving customer issues?

5

What role does Customer Effort play in complaints management?

6

Can companies be smarter at intervening when things go wrong?

# WE DID SOME R&D AND FOUND ANSWERS... AND MORE!

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10,000 interviews in USA

7 sectors

Focus on Critical Incidents



Auto



Banking



Airlines



Hotels



Insurance



Energy



Telecoms



# 1. CX REALLY MATTERS!

The first finding is that CX REALLY matters. 66% of respondents state that **personal experience** has a lot of influence on how they make decisions about which brands they choose to do business with.

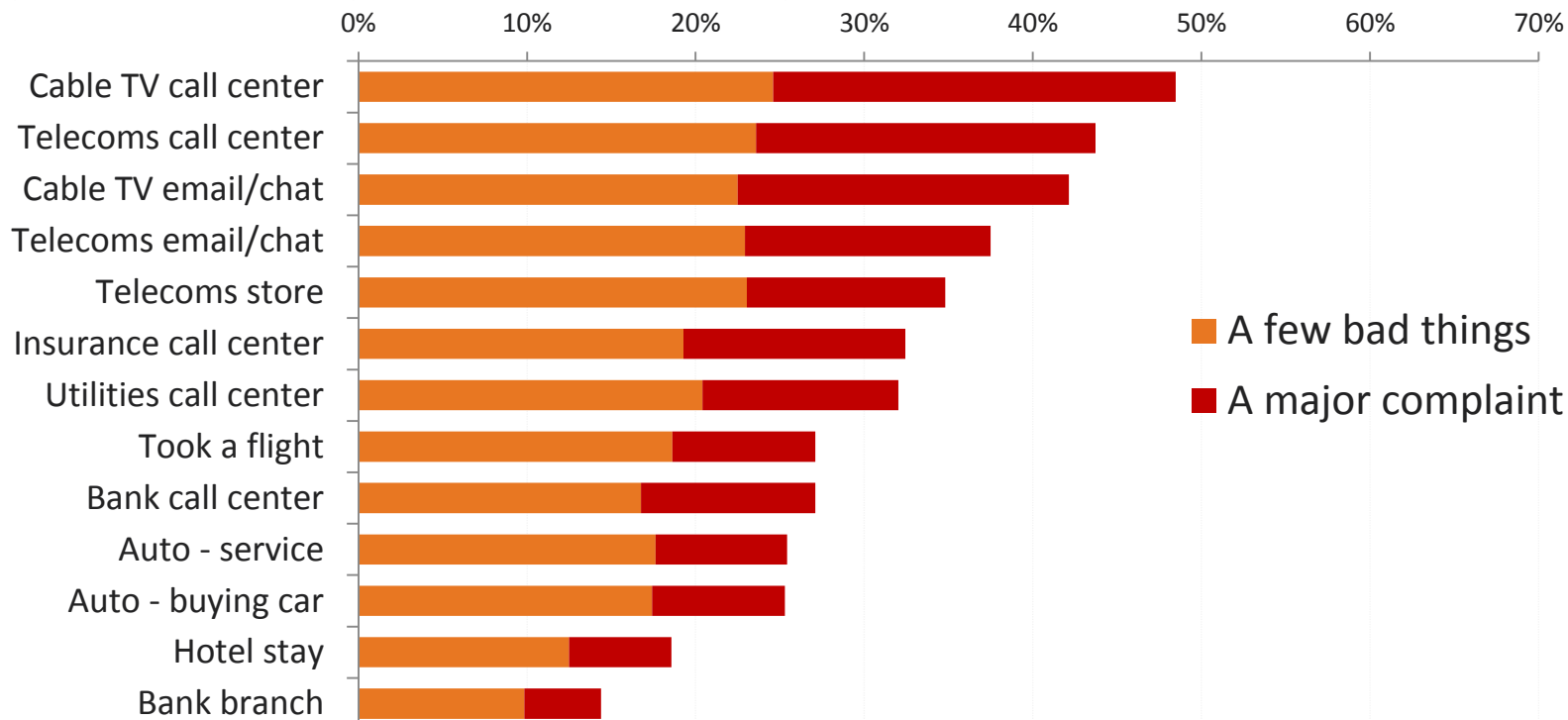


...of respondents state that **personal experience** has a lot of influence on how they make decisions about which brands they choose to do business with

## 2. AND IT IS FULL OF CRITICAL INCIDENTS!

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The 2<sup>nd</sup> finding is that CX is full of critical incidents. It is a moment of truth in the CX that has the potential to make or break Loyalty. Let's focus first on negative incidents. Here the data below shows the % of negative critical incidents among customers who had specific interactions with companies across various sectors and channels.

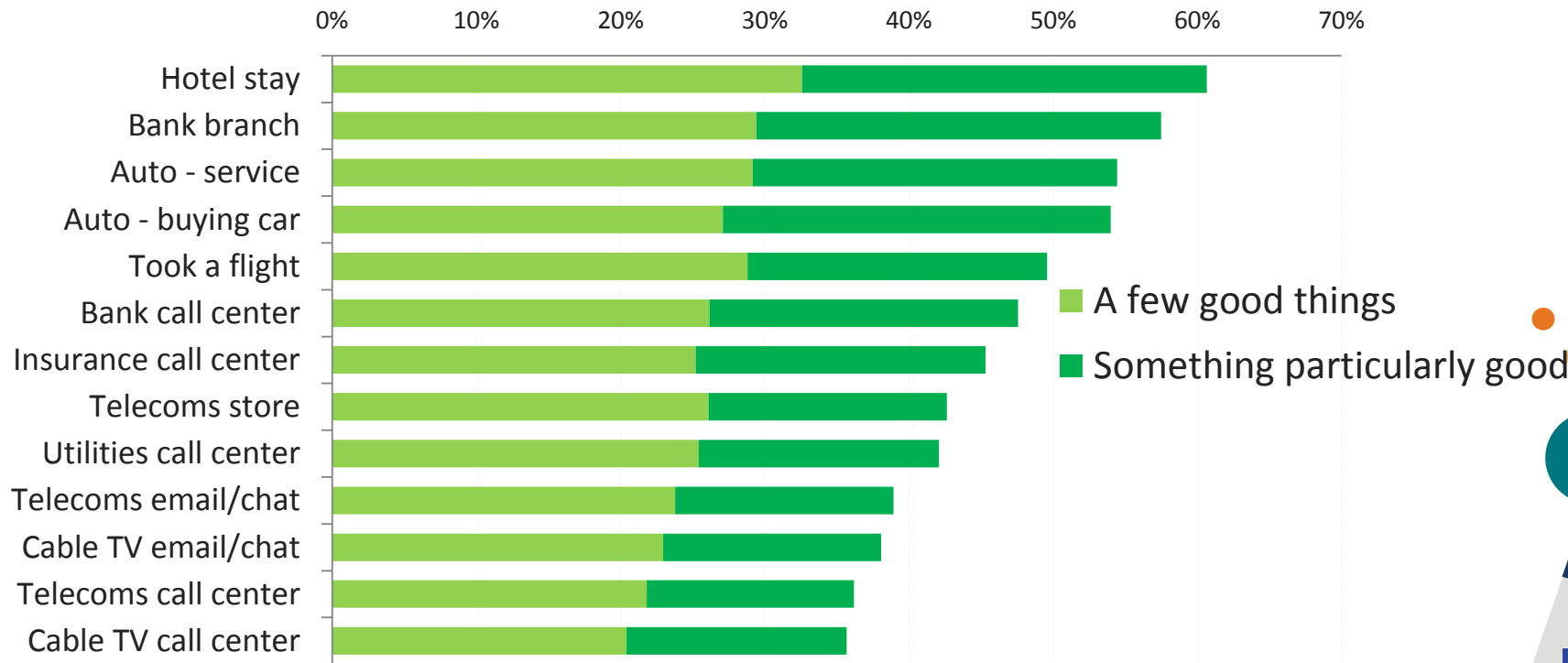


■ A few bad things  
■ A major complaint

## 2. AND IT IS FULL OF CRITICAL INCIDENTS!

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Here is the same data for positive incidents. The occurrence of positive interactions is high across the board, indicating that there are many instances where customers feel rewarded when they interact with companies.





### 3. CRITICAL INCIDENTS MAKE OR BREAK LOYALTY

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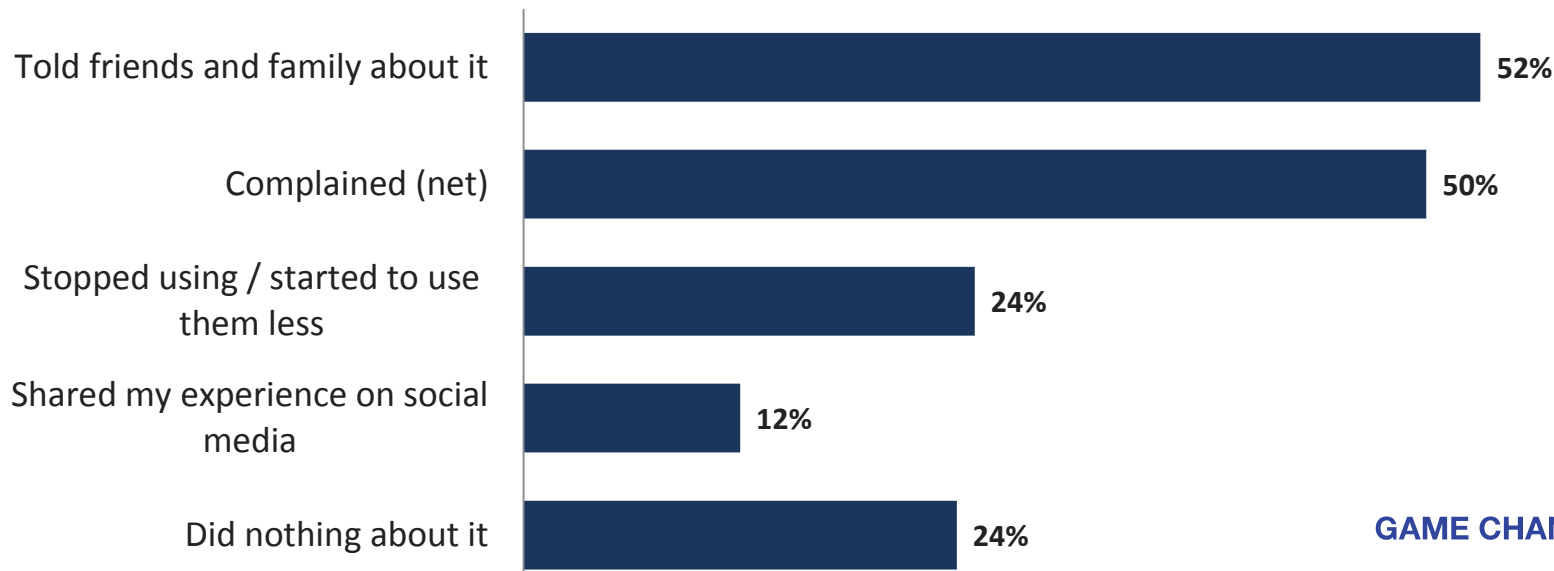
*So we know that Cx really matters and that there are many critical incidents. But what about impact?*

Do these experiences really make a difference in terms of customer attitudes and behaviour towards brands? Can single incidents really impact or even make or break long term relationships between customers and companies?

The answer is clearly **YES**. Here we show customer **behavioural outcomes following a negative experience**

Our data shows that...

#### Behavioural outcomes following a negative experience



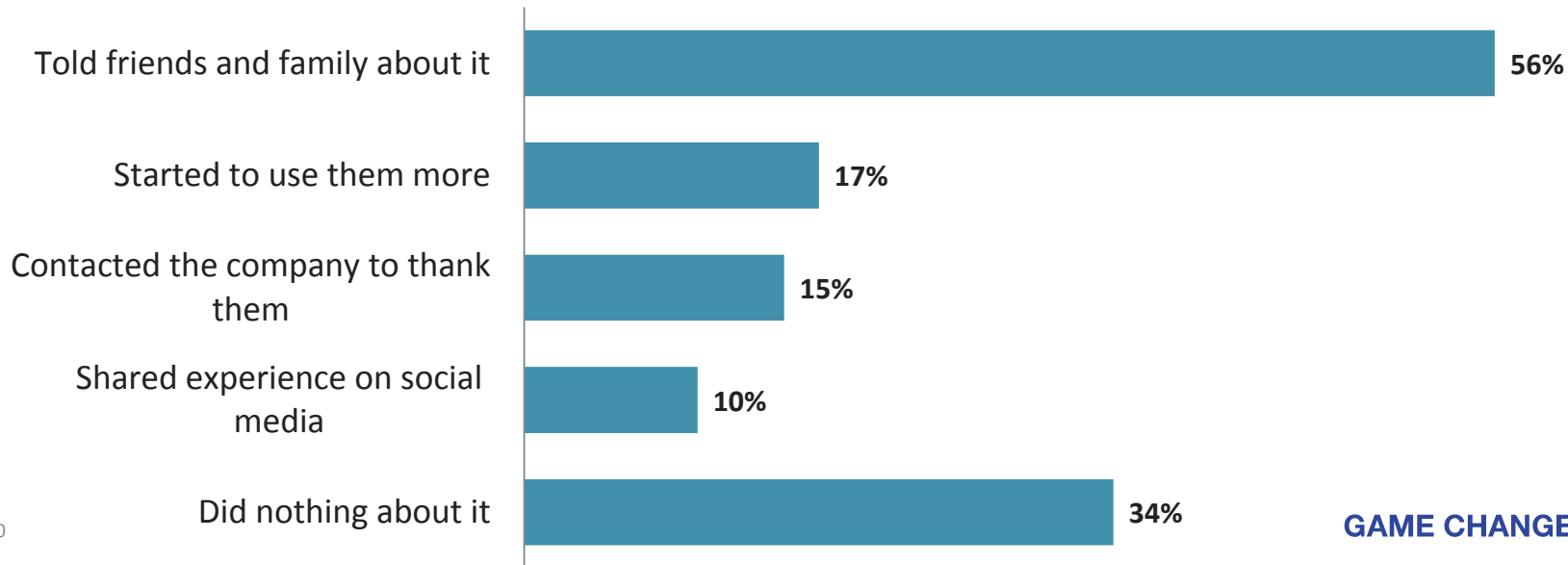
### 3. CRITICAL INCIDENTS MAKE OR BREAK LOYALTY

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What about customer response to positive critical incidents?

Interestingly we found that contrary to popular belief customers are as likely to promote positive experiences.

#### Behavioural outcomes following a positive experience



## 4. COMPLAINTS RESOLUTION NEEDS AN UPGRADE Ipsos Loyalty

*How successful are companies at intervening when something goes wrong in the Customer Experience?*

In more than **1 in 3 cases** companies are not even aware of a customer complaint or negative critical incident

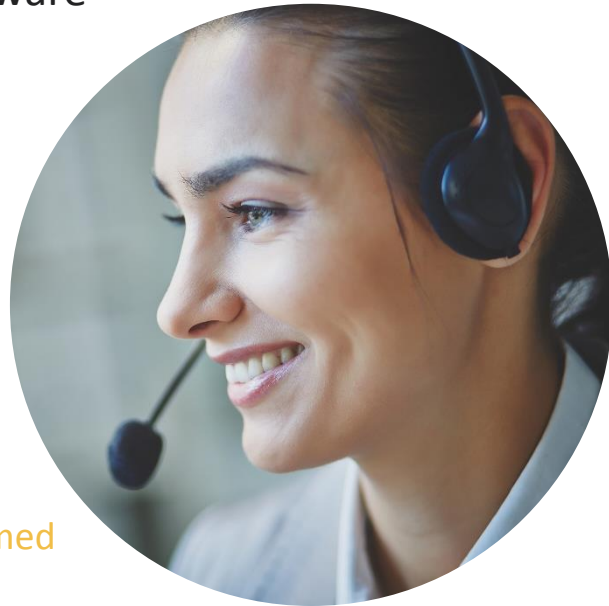
And when aware...we were told that in

**1/3** of cases the company did nothing

**3/4** of cases the company did not even apologise

and only **16%** of companies kept customers informed

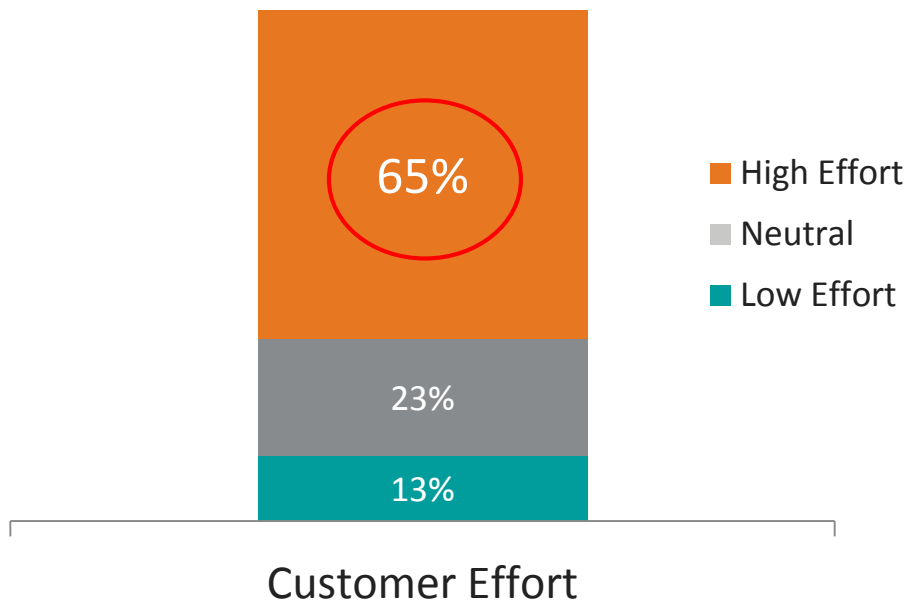
About **50%** of customers who experienced a negative critical incident are **dissatisfied** with how the issue was resolved



## 5. CUSTOMER EFFORT...

We've also investigated the role that customer effort, a well know metric in the CX space, plays in customers' satisfaction with complaints handling.

... 65% of customers think they had to put a lot effort in to get things resolved

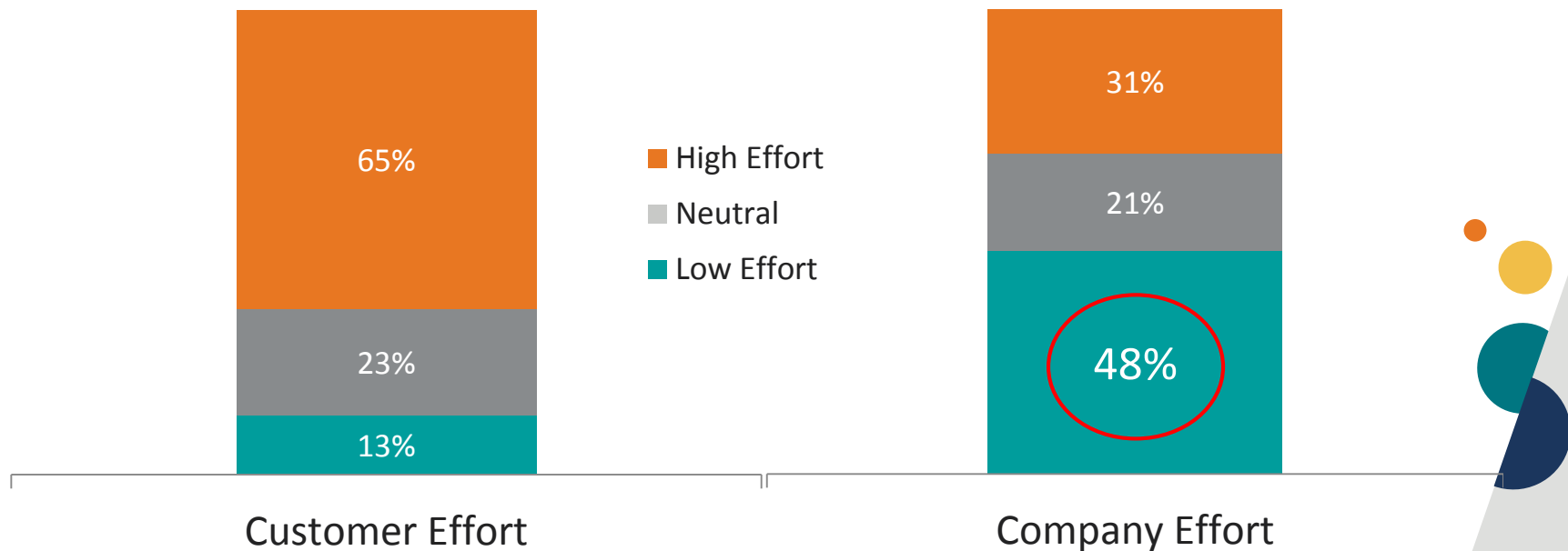


## 5. ... AND COMPANY EFFORT

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But in addition to customer effort we also asked about customers' perceptions of company effort – the amount of effort the customers feel companies have put in to resolve their issue.

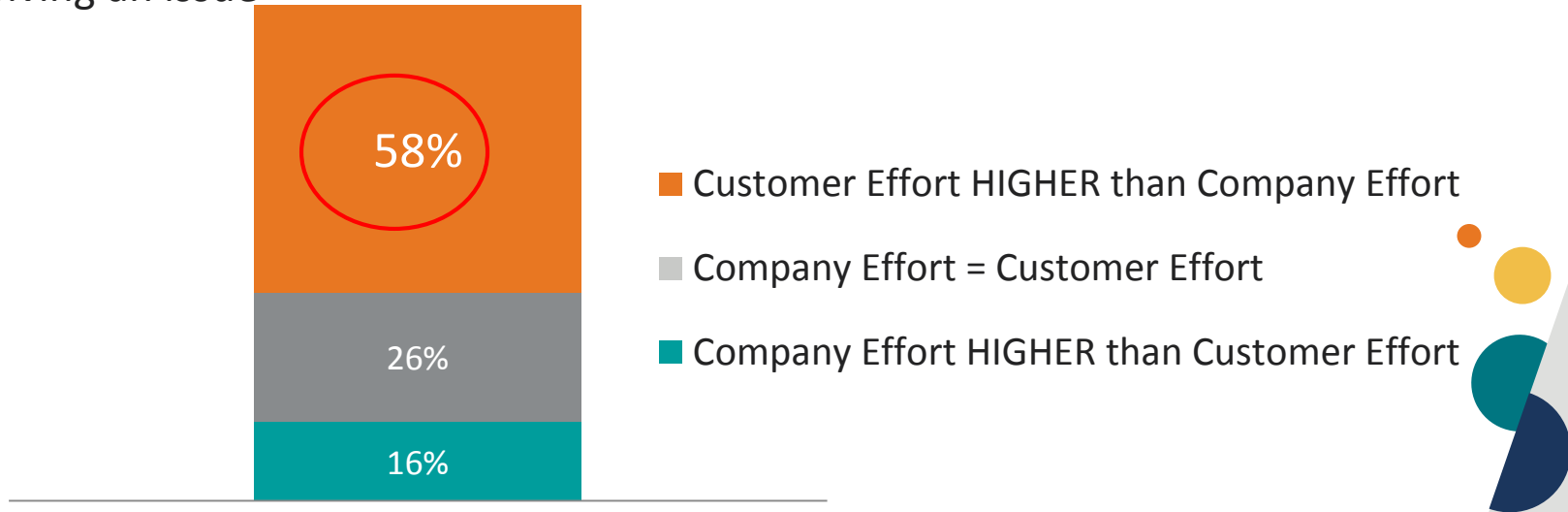
About 50% of customers perceive that companies have made little effort to resolve the issue



## 5. CUSTOMERS WORK HARDER THAN COMPANIES! Ipsos Loyalty

All in all, whilst we would expect companies to work hard to solve a customer issue, our data shows that too often customers perceive that they are putting more effort in than companies to get things resolved following a negative critical incident or complaint!

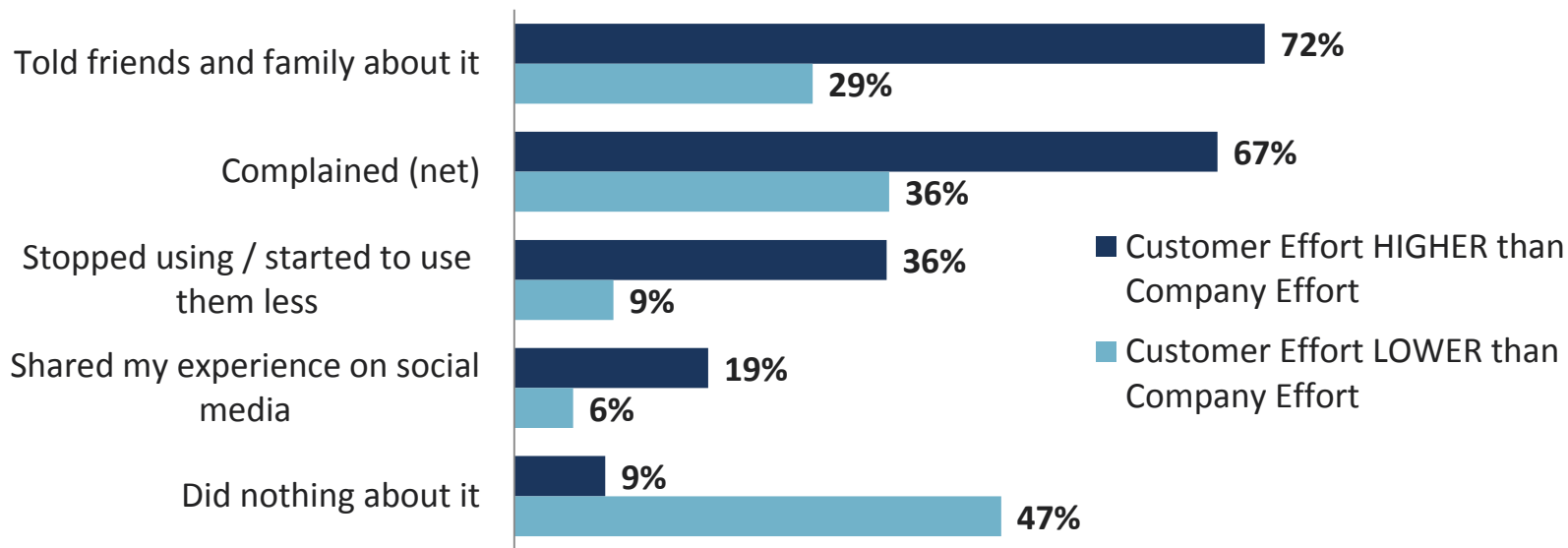
In just under **60% of cases** customers feel they are putting **MORE** effort than companies into resolving an issue



Effort is asked on a 5-pt scale where 1 is "Very Low Effort" and 5 is "Very High Effort". High effort is top 2 box and low/little effort is bottom 2 box

## 5. WHEN CUSTOMER EFFORT > COMPANY EFFORT... Ipsos Loyalty

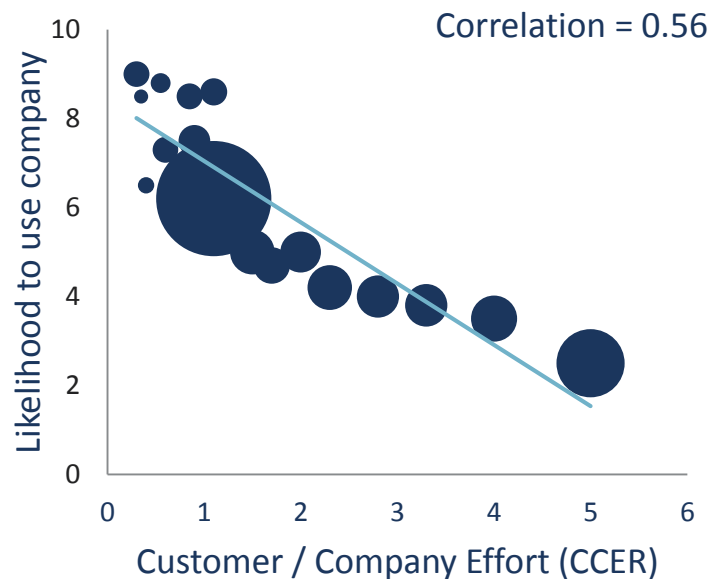
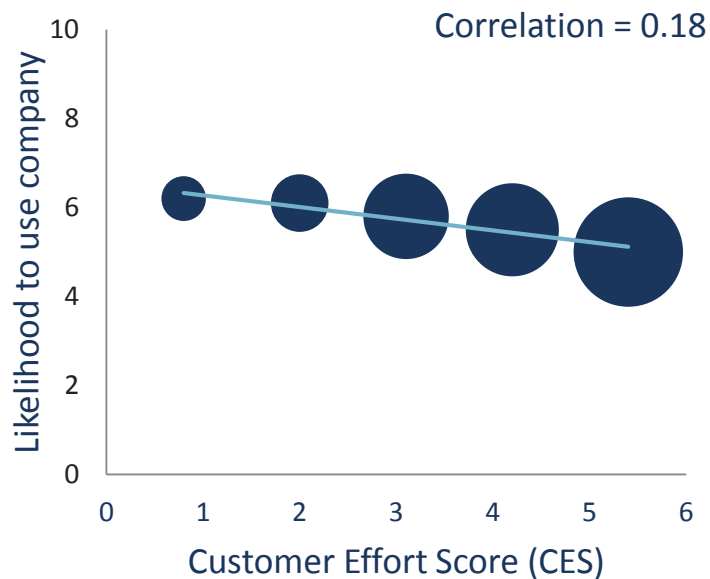
... Customers are far more likely to bad mouth or churn



Effort is asked on a 5-pt scale where 1 is "Very Low Effort" and 5 is "Very High Effort". High effort is top 2 box and low/little effort is bottom 2 box

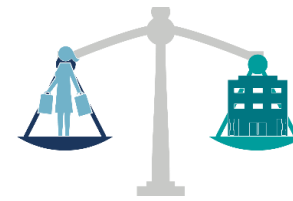
# 5. THE *CUSTOMER : COMPANY EFFORT RATIO*

**The Customer : Company Effort ratio** is 3 times more predictive of a customer's propensity to use the company again than the Customer Effort score alone.





## 5. OPTIMISING THE EFFORT RATIO



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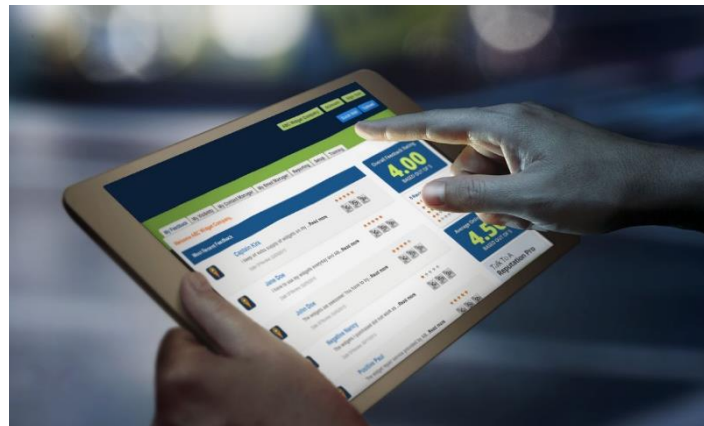
1. Fix the processes triggering critical incidents to reduce the amount of Customer Effort required
2. Implement smart interventions when things go wrong to drive perceptions of Company Effort



# SMART INTERVENTIONS

Two key principles:

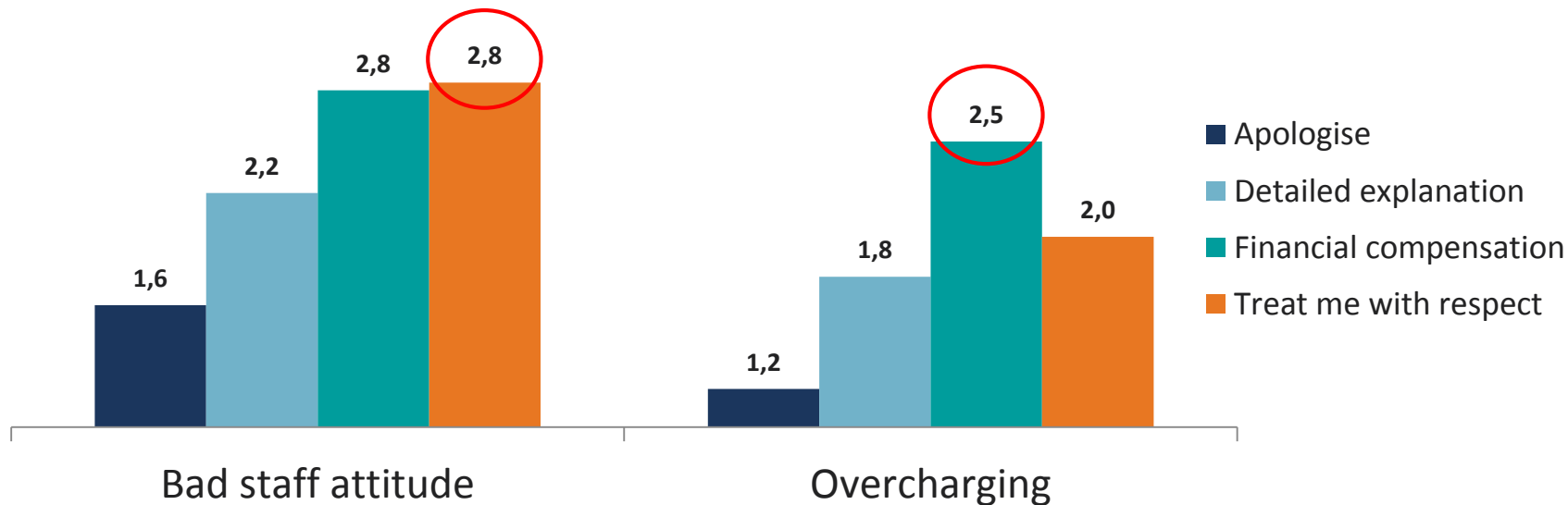
1. Not all critical incidents are equal
2. There is no “one size fits all” intervention



Maximise the ROI of customer feedback programs and reduce customer complaints and churn

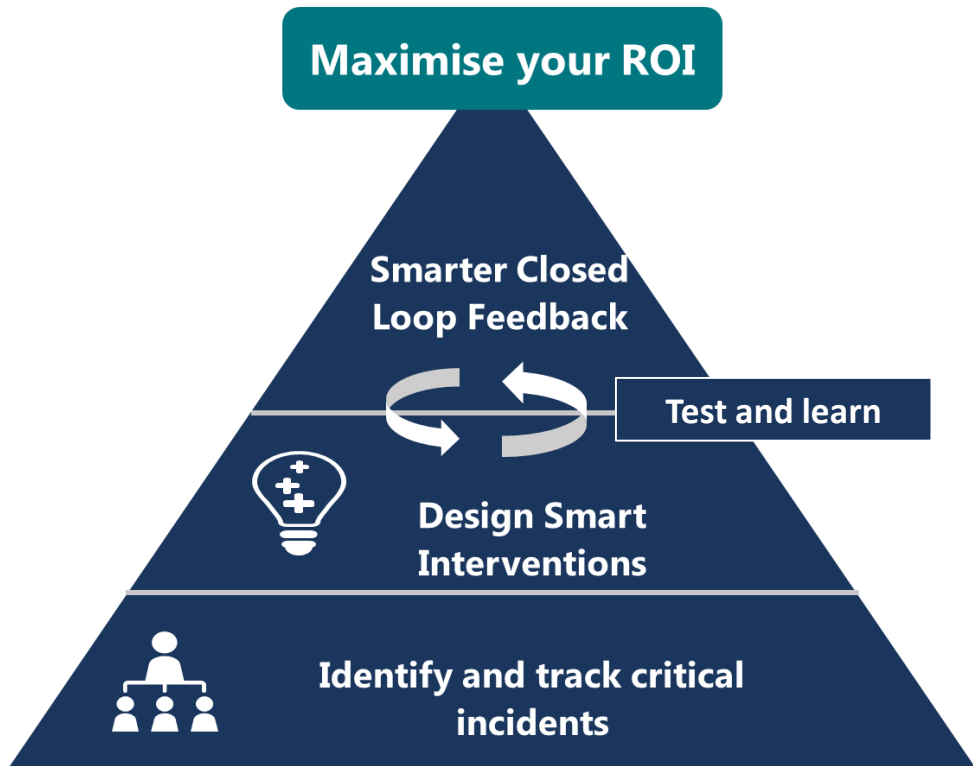
# IDENTIFY MOST SUITED INTERVENTIONS FOR HIGH IMPACT INCIDENTS

Potential impact of different types of interventions on likelihood to use the company



# SMARTER CLOSED LOOP FEEDBACK

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# Thank you!

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