



Leveraging the Voice of the Customer

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TABLE OF CONTENTS

Voice-of the Customer (VOC) Defined:	3
Business Benefits -- Framing the Problem/Opportunity:.....	3
Business Benefits -- Framing the Problem/Opportunity:.....	4
Developing the Capabilities:.....	6
Best Practice Study Highlights:.....	7
Emerging Technologies:	8

Voice-of the Customer (VOC) Defined:

VOC data is effectively ‘dialog’ data that may be collected in a company via customer service call centers, customer warrantee claims, surveys, e-mail, web forms, etc. It can be structured (in the form of coded customer contact data), or unstructured (in the case of free form comments on warrantee claims or surveys responses).

*Figure 1 illustrates the four primary components of a VOC business process. The VOC process operationally starts with data capture and moves clockwise around the circle. A top down process for **planning** a VOC initiative starts by defining business benefits and defining requirements in a counterclockwise direction.*

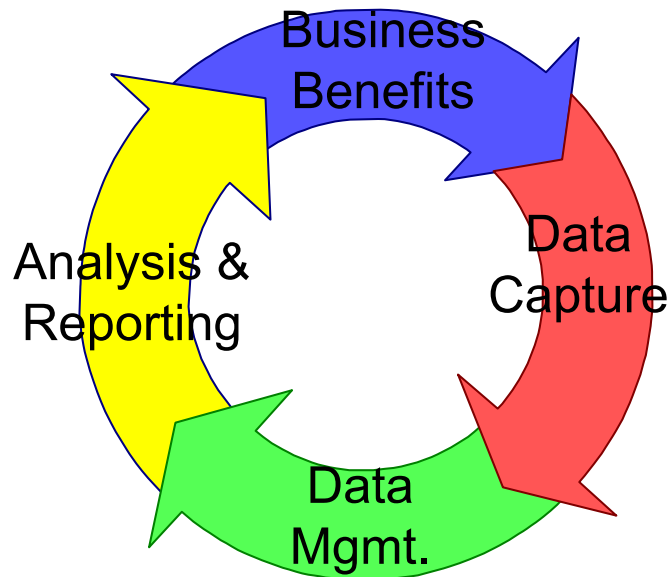
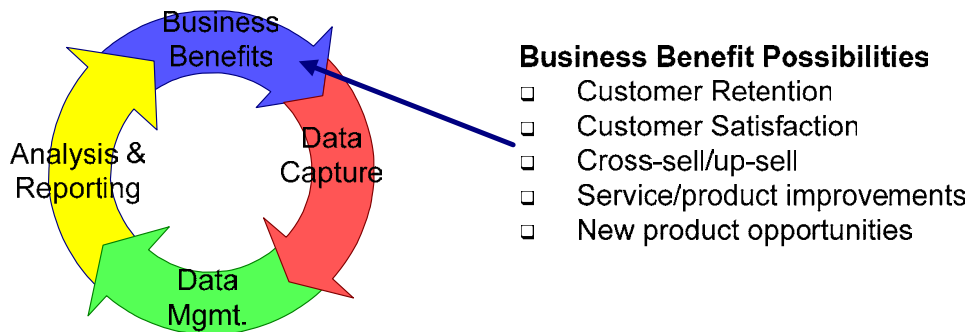


Figure 1

Business Benefits -- Framing the Problem/Opportunity:

Any successful strategy is dependant on properly framing the problem or the opportunity. With regard to leveraging the voice of the customer, there are a number of reasons why an organization might develop or enhance their VOC process, and it is with the goal (as opposed to the data or process) where it makes the most sense to start.

To what end can leveraging the voice of the customer serve? In assessing numerous companies, it became clear that the goals against which companies are leveraging their VOC data varies widely, depending on their specific business situation and level of sophistication. In some organizations retention may be a problem, whereas in others they may be looking to grow their customer share of wallet. Being clear about the business benefit that one hopes to gain is critical, as various goals will define the infrastructure required. Here are some possible benefits that can be targeted:



Customer Retention: Some companies have identified that they have an opportunity (or maybe even a vital need) to improve customer retention. Importantly, to be able to effectively measure and manage to customer retention goals the organization needs to have a steady and rich stream of transaction data. Those companies that don't have or have access to this data and therefore can't truly measure or manage to retention may be best advised to focus on improving customer satisfaction with the hope that satisfaction will in turn lead to retention. Strategies to improve retention can be widespread, and could involve everything from attrition modeling to improvements to products and services. Understanding the drivers to loyalty, through data modeling and customer research¹ becomes the starting point for improvement.

Improved Customer Satisfaction: Managing to customer satisfaction may be more straightforward for companies than managing to retention -- especially for companies that don't have a rich stream of transaction data (e.g. companies without a direct sales channel). Leveraging VOC data to improve customer satisfaction is a matter of analyzing what your customers are telling you and changing your products, services, or processes accordingly. In more sophisticated organizations satisfaction is measured consistently across all customer contact

¹ Generally a combination of data modeling and research will provide the clearest view of drivers to attrition, as opposed to either by itself..

points, and the business understands how various types of customer interactions impact satisfaction. (e.g. what is the satisfaction with the brand, product or service for those who: use a web site versus calling customer service versus those who do both versus those who do neither.)

CrossSell/Up-Sell: A company with an opportunity for grow in their existing business or in a new area, might want to leverage VOC data to Cross-Sell and/or Up-Sell products or services. Data coming in through a service channel may indicate that someone's dissatisfaction with one product may make them a better fit for another. The Cross/Up sell could then take place at the time of contact (e.g. a call to customer service) or as a targeted marketing communication.

Service and Product Improvements: One of the most basic uses for leveraging VOC data, this application is also the most straightforward to administer. While the net effect may be improved satisfaction or customer retention, measuring and managing to service and product improvements can be done on internal as opposed to external metrics. And while leveraging other than VOC data can improve your ability to identify and prioritize business improvements, VOC data can be largely analyzed in isolation.

New Product Opportunities: If a company is faced with the need to constantly innovate and evolve, VOC data could be a rich source of ideas and suggestions.

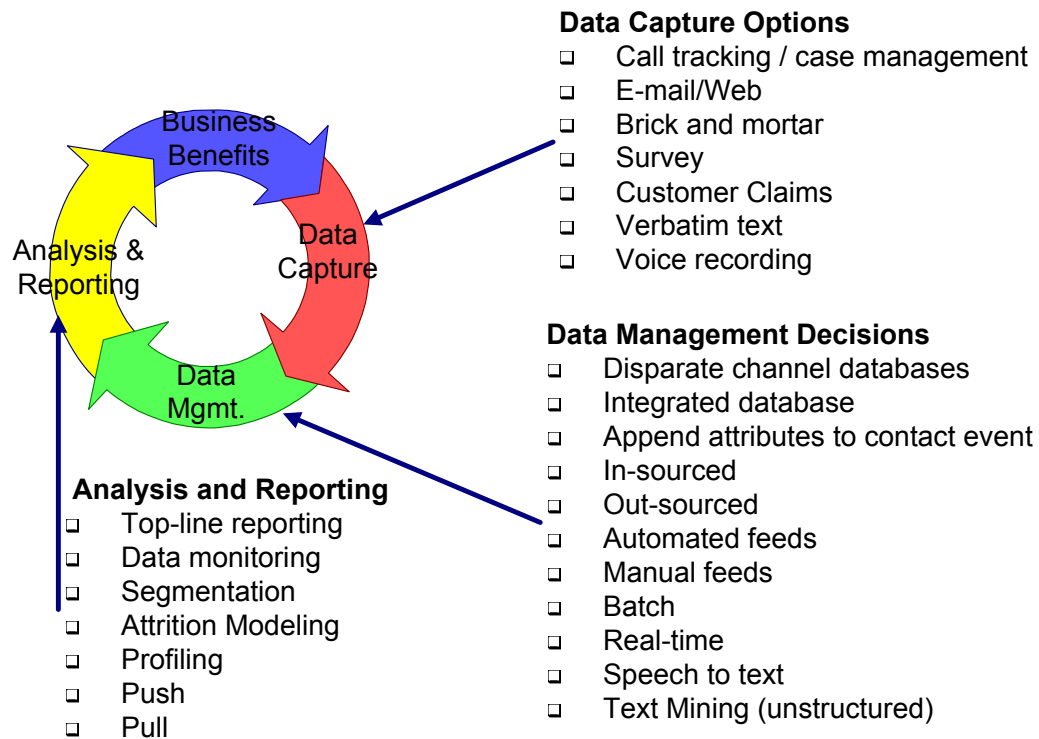
VOC strategy should dovetail into a broader business strategy.

Of course many of these benefits are related, and many companies will aim to affect several opportunities. A tighter focus on a few targets will improve the likelihood of success. Also, the infrastructure requirements to support each of the aforementioned benefits could be very different. Your specific goals coupled with your starting point will determine your course of action.

Developing the Capabilities:

Once establishing the appropriate goals for your particular organization, and business benefits desired, the next set of decisions should fall into place. For example, if you've decided to leverage VOC to measure and manage to retention, then you will need to do some attrition modeling, which will in turn require that you need an integration of behavioral and transaction data.

On the other hand, if you determined that your top priority for leveraging VOC data is to increase customer share of wallet, then your focus may be better utilized on developing customer profiles and segments, appending other data to the customer profile, and tying the data into a targeted marketing system.



Some companies may choose to develop capabilities to achieve all the aforementioned benefits and more, while others may start out gradually address the 'low hanging fruit' first, eventually evolving into more sophisticated customer management practices.

VOC Best Practices:

Business Benefits: In talking to an assortment of companies across a variety of industries recently, the most common business benefit that companies are targeting with VOC data is customer satisfaction. With varying degrees of sophistication, companies are most frequently using VOC data independently of other data sources to make service and product improvements. Most were measuring their effectiveness through periodic satisfaction survey result tracking.

Analysis and Reporting: Some companies are integrating their data with other customer data to develop segmentation models. Very few companies we talked to are leveraging VOC data against transaction data to improve attrition models. In fact, in most cases VOC processes are somewhat informal and those utilizing the data are providing only basic reporting.

In one example, a packaged goods manufacturer we spoke with allows for company wide access to a query-able database of customer contacts. A web based interface enables anyone in the company to not only find out how many customers contacted the company about a specific topic, but also allows her to listen to the recorded customer service phone call pertaining to the specific issue. In addition to a fluid distribution of information, this application is also able to bring the emotional element of the issue to the product managers and others leveraging the information.

Data Management: In many companies VOC data is in a standalone data mart. A few companies had integrated the data into a central marketing or segmentation database

Data Capture: Of those companies who are utilizing VOC information, most are utilizing data from their customer call centers. In call centers where the focus was on product location, answering product questions, and resolving problems, there tends to be a well disciplined process for data capture and data integrity. In those centers that are more transaction oriented, we've seen less coding and data capture. We also noticed less data capture in the very large centers (more than 300). When asked about capturing data and leveraging the information, however, all the executives we spoke to felt that it was something important that they'd like to be able to do.

Consumer durable and automobile manufactures also tended to be more likely to leverage text mining technologies to garner insights from warrantee claims.

Emerging Technologies:

In an assessment of the various technologies utilized in VOC arenas, a couple of capabilities shone through as showing significant capabilities or potential.

Text mining, the practice of structuring otherwise unstructured data, is a rapidly growing field with a lot of real world application. In our VOC technology scan we saw some of the most compelling applications for text mining in companies where they had a lot of text data that might serve some purpose in a specific query, but in its unstructured format is not 'reportable'. In the automotive and consumer durables industries, customer problems are reported in customer claims. Those claims may be written up in a myriad of different ways via a 3rd party network of dealers. While those claims reports contain a plethora of information about product defects, the mostly text data needs to be interpreted and coded. There are a number of different types of analytic tools to do this, each with specific pros and cons.

Speech-to-Text is a promising technology that we can expect to be hearing more about in the VOC arena as well as in numerous other applications. There has been a lot of buzz about speech technology in customer service circles recently, and while many of the current applications support a pretty narrow set of uses on conversational speech, it is pretty likely that this technology will develop rapidly as the U.S. government is behind the development for use in applications for national security. The hope here is that at some point a company would be able to run the technology over recorded call files (or ultimately in real time) and be able to transcribe, structure, and report on information from service calls without the costs associated with manual coding or transcription.