CUSTOMER EXPERIENCE

Four ways to shape customer-experience measurement for impact

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Too many companies are themselves unhappy customers when it comes to building measurement systems. Here's how to make better investments.

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"What gets measured gets done," the old saying goes. It's understandable, then, that executives looking to boost their companies' competitiveness via superior customer experience have for some time now invested heavily in a farrago of metrics that at times seem to range from the sublime to the ridiculous: metrics that score satisfaction, metrics to gauge willingness to promote a service or detract from it, metrics to judge how effortlessly a company serves its customers, and even metrics to assess how "ideal" a customer's experience is.

Sadly, in too many cases, these efforts swallow up substantial investment and deliver little impact with respect to improved customer experiences. Beyond the upfront costs of establishing complex and costly measurement systems, many top-line metrics are hard to manage and end up focusing on the measure itself, rather than identifying the root causes of customer dissatisfaction. Insights often conflict, the way that initiatives link to value creation proves elusive, or connecting improvement ideas to top-line metrics is difficult.

The irony is that companies often wind up unhappy with their own customer experience as purchasers. In our work, we find more and more companies feeling unsatisfied with existing measurement systems and looking to design a measurement strategy that aligns all of their customer-experience metrics into a unified model that operationalizes a customer-centric strategy. Such a holistic approach to measuring customer experience can take many forms in design and implementation. Some of the approaches we explore here can give executives the ability to limit waste on current methods and have a more direct impact on their top-line customer-experience metrics.

Fundamental thinking

In our experience, three core elements are critical for transforming a middling approach to customer-experience measurement into one that can deliver impact and create value. First, the heart of effective

customer-experience measurement is the organizing principle of measuring experience at the journey level, as opposed to looking only at transactional touchpoints or overall satisfaction. Second, it's critical to invest in hardwired technology that can capture customer feedback on a daily basis from multiple channels and integrate survey results, social-media posts, and operational data into comprehensive, role-specific dashboards. These can provide transparency and drive decisions at all levels. Finally, overcoming organizational inertia requires cultivation of a continuous-improvement mind-set at all levels. Organizations must create the mechanisms to close the loop between frontline workers and customer feedback, then use the data to change the design and execution of the customer-experience process.

Reports from the field

In our work, we regularly come across examples of companies that have pursued ineffective and wasteful approaches to improving customer experience, as well as those that have created value with measurement efforts. Here we share four ways to ensure that your investments in customer-experience measurement deliver results.

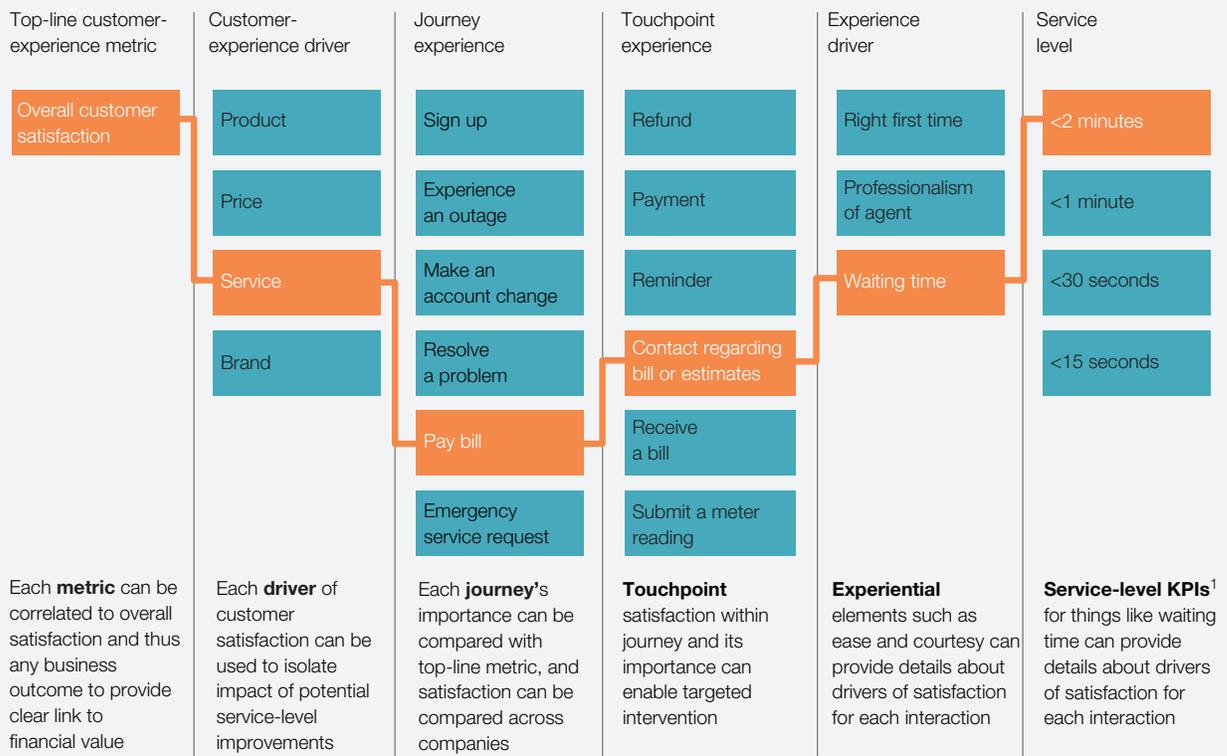### Connect the dots: Cocreate an integrated measurement model

Many companies have large numbers of disjointed customer-satisfaction surveys. At one large European utility, the operations department measures customer satisfaction at a highly granular level, while the marketing department initiated a more holistic touchpoint-measurement system. The problem: the two measurements fit together poorly, making it impossible to connect dependencies between certain touchpoints and overall impact.

A more holistic measurement strategy starts with an integrated measurement model in which all customer-experience metrics along touchpoints and journeys flow up to a top-line metric (Exhibit 1). It matters less which top-line metric a business

Exhibit 1

A holistic, integrated measurement system has clear linkages between metrics at every level of customer-experience delivery.

Example: Linkages measuring consumer experience throughout call to a utility company

Top-line customer-experience metric	Customer-experience driver	Journey experience	Touchpoint experience	Experience driver	Service level
Overall customer satisfaction	Product	Sign up	Refund	Right first time	<2 minutes
	Price	Experience an outage	Payment	Professionalism of agent	<1 minute
	Service	Make an account change	Reminder	Waiting time	<30 seconds
	Brand	Resolve a problem	Contact regarding bill or estimates		<15 seconds
		Pay bill	Receive a bill		
		Emergency service request	Submit a meter reading		
Each **metric** can be correlated to overall satisfaction and thus any business outcome to provide clear link to financial value	Each **driver** of customer satisfaction can be used to isolate impact of potential service-level improvements	Each **journey's** importance can be compared with top-line metric, and satisfaction can be compared across companies	**Touchpoint** satisfaction within journey and its importance can enable targeted intervention	**Experiential** elements such as ease and courtesy can provide details about drivers of satisfaction for each interaction	**Service-level KPIs**[1] for things like waiting time can provide details about drivers of satisfaction for each interaction

[1] Key performance indicators.

Source: Strategy Analytics; McKinsey analysis

relies upon; almost any will do, and some companies construct metrics of their own design. More important is how the business inserts the metric into a systematic capability to collect, analyze, and act on feedback in an effective and complete system for measurement of the customer journey.

The way to do this begins with convening a set of senior leaders to agree on the top-line metric the entire organization will use as a North Star to measure improvements across the company. Second, define the remaining layers of the measurement model—most critically, the customer journeys that matter, as well as the elements that drive

experience and operational performance. For one global transportation company, this meant clearly understanding the three journeys that drove over 65 percent of customer satisfaction. Deeper analysis uncovered, for each journey, the drivers of satisfaction, as well as two to five operational metrics, such as number of damage claims and count of customer service calls, linked to journey satisfaction. In an analysis of energy utilities in Europe, it turned out that within the "I join" sign-up journey, 75 percent of the journey satisfaction was explained by four operational drivers, including "freedom of choice" and having service turned on at the time and date the customer wanted.

Creating an integrated measurement model allows companies to eliminate reams of metrics that do not drive top-line satisfaction. It focuses the company on the journeys, touchpoints, and elements that matter to customers.

Learn from the best: Benchmark against competitors and leaders

Many companies suffer from myopia in measuring customer experience. Companies often hyperfocus on their own performance and small pain points, and they do not spend enough time looking at how they stack up against others—not only their nearest competitors but also companies that are best in class in customer experience within and outside their sector. Such an exercise is powerful in triggering bigger and bolder ideas to improve customer service and experience.

The real liberating moment is when a company goes from a mind-set of optimizing existing capabilities to one of innovating new approaches and solutions to gain new skills in serving customers better. For one telecom company in Europe, undertaking regular benchmarking on multiple journeys unearthed useful insights for reshaping its approach to customer experience. While overall performance was strong in its approach to the customer journey involving resolution of technical problems, the company was at a major disadvantage in how its technicians visited and interacted with customers. That highlighted an opportunity to leapfrog competitors with respect to a crucial frontline driver of customer satisfaction.

Choose the right measurement system

Even companies that are new to customer experience can implement a rudimentary voice-of-the-customer system with which they can collect feedback from their customers on a monthly or quarterly cadence. However, if you are serious about creating a culture around customer experience, don't waste your money on a system lacking the right capabilities. Table stakes in this game are a system that collects, analyzes, and allows companies to act on customer feedback in real time. Furthermore, your system must be able to apply advanced analytics to the data in order to diagnose root causes and predict impact on future customer behaviors. Many of the major measurement-system providers have invested heavily in this area in recent years.

We find a three-step process useful in selecting a measurement platform (Exhibit 2). The first step

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Exhibit 2   **Selecting a journey-measurement system is a three-step process.**

Define journey-measurement model	**Design** journey-measurement system	**Select** journey-measurement system
● Define top-line metric linked to desired outcome	● Design executive-level and journey-owner dashboards	● Design platform-selection criteria and scorecard
● Prioritize customer journeys that drive satisfaction	● Define survey structure, triggers, and audiences	● Select technology partner
● Identify key operational metrics by customer journey	● Identify alert triggers and escalation processes	● Define and implement incentives and practices to optimize system

Source: McKinsey analysis

is to define an integrated measurement model that identifies the metrics that drive top-line satisfaction. The second step is to design the interactive dashboards for each set of stakeholders: executives, customer-experience leaders, and frontline managers. The third step is to select the platform that will best meet the specific needs of the company.

It's important to evaluate systems based on how well they can put the measurement strategy in motion. In addition, three strategic criteria are also worth considering:

1. *Flexibility.* Some system providers can make changes to survey questions and dashboards in a matter of minutes, while others take days or weeks, or simply leave it to you to figure out. Think hard about the frequency with which you expect to make changes and your level of resources to make these changes on your own.

2. *Scalability.* Are you operating in more than one region or country? Do you do business in multiple languages or with a distributed workforce? Choose a system that has been tested across a broad spectrum of complex multinational environments with a proven capacity to scale in response to your organization's needs.

3. *Cost.* Companies regularly face intense budget pressures or have a cost-conscious culture that manifests itself in a do-it-yourself mind-set. If your approach to customer experience is serious, be wary of all-singing, all-dancing measurement systems that cost significantly less but might fail in delivering the desired impact. Weigh return on investment, not just lowest cost.

Your system should meet your needs on all three dimensions while providing the specific capabilities, such as advanced analytics and real-time feedback, that you need to drive results.

Change measurement mind-sets

Even the best measurement system may not be enough to change the mind-sets of the organization. But success is more likely in organizations that take a few critical steps.

A good first step is to appoint journey "owners" and empower them. These journey owners play a critical role in aligning the functional silos that exist in every organization. They bring together cross-functional teams focused on a shared goal of improving customer satisfaction for a specific journey. To help them overcome organizational resistance, empower owners with direct access to C-level executives to obtain decisions quickly, as well as with a budget to implement structural changes of the customer journeys they oversee.

A second, reinforcing step is to implement journey dashboards. These dashboards should make it easy to see performance by journey at a single glance. This reinforces the shared goal of each cross-functional journey team and enables the executive team to provide support when certain journeys are underperforming. Journey owners should be able to quickly drill down into touchpoint-level and driver-level satisfaction metrics and analyze root causes within their journeys. For example, the owner of the "resolve technical issues" journey should be able to see overall satisfaction for the journey, for each of the touchpoints, and for key drivers, such as the as the number of technician visits required to resolve the problem.

It may seem obvious that a journey-based customer-experience philosophy should be executed with journey-based measurement dashboards that reflect this priority. Still, many companies have not yet taken this step. The best practice is to make these journey dashboards highly visible across the organization and to implement standard processes around them, such as holding regular stand-up

meetings or weekly team sessions to review customer feedback, recognize strong performances, and initiate immediate corrective actions where necessary.

Finally, make customer interactions an inherent part of weekly routines for as many employees as possible. We have seen great results when teams lead weekly whiteboard sessions by talking about the latest customer feedback and identify possible root causes of problems. Doing that makes the customer-experience measurement system motivate action, drive change, and alter behaviors, rather than serving as a purely diagnostic tool. It is important that your employees understand the root causes of customer satisfaction or dissatisfaction, so they can either fix the problem directly (for example, by contact with customers) or start to work on the deeper source of the problem along the customer journey.

The right customer-experience metrics help you understand what customers value and how to address their needs. The metrics you choose are less important than the measurement strategy you implement to enable both real-time action and long-term impact. ∎

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