The public sector gets serious about customer experience

8 things you should know about customer experience in the public sector

Customer experience (CX) is getting more important everywhere— including in government. Citizens are accustomed to the experiences offered by companies from Amazon to Zillow and now want the same from governments. In this survey, we look at how the public sector is faring in a challenging environment. There are plenty of lessons here for private-sector leaders, too.
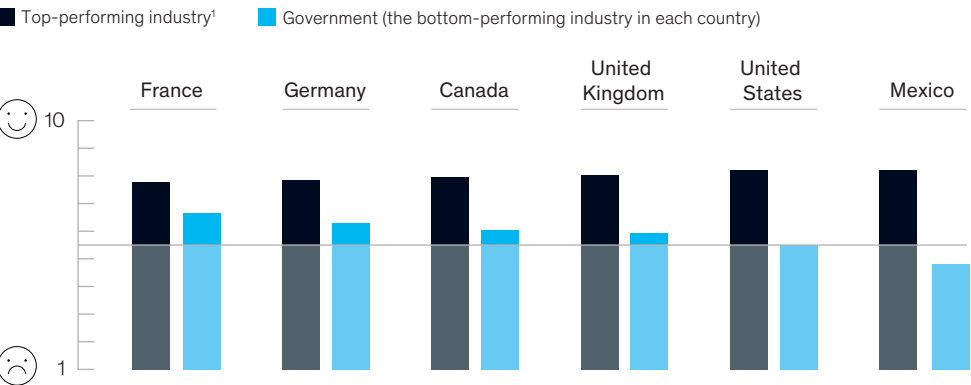
① A poor report card

It turns out that government customers aren't so easy to please. While many governments are moving forward with CX initiatives, across the globe, we find that in general private-sector organizations are a lot better than those in the public sector at providing services.

The grades

Most governments underperform in customer satisfaction.

Customer-satisfaction score on a scale from 1 (very dissatisfied) to 10 (very satisfied)

■ Top-performing industry[1] ■ Government (the bottom-performing industry in each country)

France   Germany   Canada   United Kingdom   United States   Mexico

10

1

[1]Top-performing industry in Canada, Mexico, and the United Kingdom = supermarkets; in France and Germany = e-commerce sites; and in the United States = credit-card providers.

Source: 2018 Public Sector Journey Benchmark Survey

② The hurdles are often higher

Government agencies need to build a holistic view of the customer experience so they can put themselves in their clients' shoes, understand their journeys as they access services, and figure out what really delights or displeases their customers. The challenges can be daunting.

Stumbling blocks

1. A monopolistic mind-set is a pervasive obstacle. When customers don't have a choice, it dramatically removes a major incentive for governments to innovate and improve service. It also hampers agencies' ability to set priorities.

2. Unlike private-sector organizations, government agencies must aim to serve everyone within their mandated mission; they can't just ignore certain customer segments. This bar for fairness often solidifies over time into a principle of providing one-size-fits-all service.

3. Governments often lack the capabilities needed to assess and address gaps in customer experiences. Those with deep analytics skills, as well as human-centered design skills, are often in short supply.

4. The data that agencies rely upon are typically incomplete or sequestered in silos. Thus, agencies often lack a full, timely picture of the customer's overall experience.

→ *For the full article, see "Understanding the customer experience with government," on McKinsey.com.*

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'Our customers don't have a choice'

"The way I see it, our customers don't have a choice when it comes to obtaining our services. They can't go to a competitor if we are not performing well, so we have an even greater responsibility than does the private sector to provide a great experience for our customers. We also need to ensure that all agencies provide a consistently excellent experience, because the citizens do not separate, for example, the SSA [Social Security Administration], the US Postal Service, and the Department of Homeland Security in their minds. To them, we are all the same, so if one of us performs poorly for them, it affects their perception and confidence in the whole system.

"I accept calls from our constituents at home, and people think I'm crazy for it, but I want to show our entire organization how important it is to resolve the needs of the customer. [. . .] If I don't send the message that this is important, then I would be naive to expect the staff to follow suit."

—**Carolyn Colvin,** former acting commissioner of the US Social Security Administration

→ *For the full interview with Carolyn Colvin, see "Building a long-term customer-experience vision at the Social Security Administration," on McKinsey.com.*

③ Good experiences can boost outcomes

Good outcomes matter to all government leaders, who are typically measured on achieving a mission, staying within budget, mitigating risk, improving employee morale, and earning and keeping customers' trust. Increasingly, agencies are adding customer experience to this list. But they often view customer experience as a trade-off, and when the budget season rolls around, customer-experience initiatives starve. Agencies instead invest in outcomes where they see a clear link to value, such as cost reduction. We see this pattern across countries. Yet good customer experience reinforces the other outcomes, and it is often the key to accelerating and enhancing critical agency outcomes across the board. The lesson: governments need to put the customer at the core of every improvement initiative.

When mission matters

In 2014, a recognized crisis in patient access affected trust in the US Department of Veterans Affairs. Among the initiatives adopted by the agency's new leadership, one sought to rekindle employees' sense of mission. Efforts to improve patient outcomes and to revitalize employees' passion for their work have produced noteworthy results. Veterans' trust in the agency rose to 70 percent in October 2018, from 47 percent in December 2015.

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For the full article, see "Two views on how customer experience can better serve US military veterans," on McKinsey.com.

The multiplier

Mission
A German health insurer mobilized >6,500 employees to focus on customer experience, yielding a

70%
reduction in call-center wait time

Employee engagement
Two years into a transformation, one US agency had experienced a

50%
increase in organizational health

Budget
Dissatisfied customers are

≥2×
more likely to contact agency hotlines three or more times for help, straining resources and budgets

Trust
Public customers are

9×
more likely to trust a government agency if they are satisfied with its service

Risk
Dissatisfied customers are

2×
more likely to admit to publicly expressing their unhappiness through social media or calls to their public representatives

④ Every government service can delight (even tax authorities)

It's a common belief that some services simply create better experiences—that a benefit program will always provide more positive experiences than a tax program, for example. Except for a small number of services—including national parks, which are at the top of our survey across countries for customer service—this maxim isn't true. In fact, any service can meet or exceed expectations and create a great experience for its customers.

"With their digital IDs, Estonians can use their smartphones to get just about anything done online—from their children's grades to their health records. I should have called the Estonians when we were setting up our healthcare website."

—**Barack Obama,** former president of the United States

Estonia gets it

Estonia is often touted for having created a superior customer experience when it revolutionized its system for filing taxes. The government created e-Tax, an electronic portal allowing Estonians to pay taxes with a single click—taking just three to five minutes. This service, which has made filing taxes seamless and intuitive, led about 98 percent of those filing taxes to use the digital option.

→ *For more on this transformation, see the* New Yorker *article "Estonia, the digital republic," on newyorker.com.*

⑤ Customer journeys that really make a difference

Customer experiences are shaped by their journeys—a series of actions and interactions with government service that have a discrete beginning and end. Though every service is different, journey types are consistent. They can have many touch points and cross digital and physical channels. The underlying processes, people, and systems that support agency journeys are key. As a result, customer journeys are the most powerful lever agencies have to reshape experiences.


© Tim Boyle/Getty Images

The ranking

We'll start by noting that not all journeys are viewed equally. Of the ten most common government journeys, our research finds that four account for 67 percent of overall customer experience.

- **learn:** research about and understanding of the service options before usage

- **apply and submit:** the end-to-end steps involved in an application process

- **use and visit:** what happens the moment someone actually uses a service (for example, an online postal service or a post office)

- **receive:** anything the citizen might get from the public sector—how a Social Security benefit is deposited, for example

Certain journeys matter more to customers.

Top 4 of the 10 most common government-service journeys globally, derived importance,[1] %

Learn	Apply/submit	Use/visit	Receive
14	20	17	16
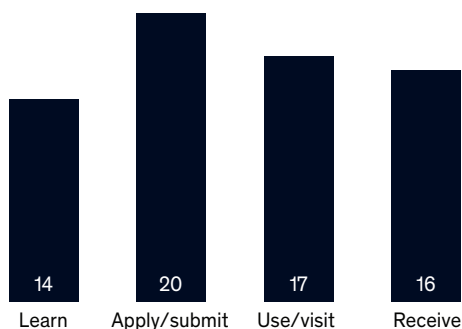
[1] The derived importance shown here is a simple average across countries and does not total to 100%.

Source: 2018 Public Sector Journey Benchmark Survey

One-stop shopping in Australia

What it is:
"A start-up in government, brought together by the then premier, to bring to life a one-stop shop for govern-ment services. The idea had actually been tried twice before and failed."

What changed:
"We wanted to create that feeling of unhappiness with the status quo so that every-one felt energized to want to change. And then we wanted to put the power to change it into the hands of everyone who was working at Service New South Wales."

—Rachna Gandhi, former CEO of Service New South Wales

What got better:
There was a radical turnaround in customer-satisfaction rates—from a baseline of under 60 percent to a sustained average of over 97 percent in the five years since its 2013 launch.

→ *For the full interview with Rachna Gandhi, see "Building a one-stop shop for government services in Australia," on McKinsey.com.*

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In Dubai, just ask Rashid

© visualspace/Getty Images

DubaiNow offers information and access to more than 50 government services from 24 entities. Government customers can manage utilities bills and traffic fines, track visa status, renew trade licensing, and register a car. Smart Dubai debuted Rashid, an adviser powered by artificial intelligence that offers answers to customers' questions about necessary procedures, documents, and requirements to conduct various trans-actions across government entities. Information is updated by agencies seamlessly and autonomously.

→ *For more, visit the DubaiNow website at dubainow.dubai.ae/en.*

Negative defining moments

A growing body of behavioral-psychology research shows that bad events have more power than good ones to shape experiences, and our research across 27 US government agencies aligns with those findings. Negative defining moments on average affect overall government customer-satisfaction scores four times more than positive defining moments. One bad incident—a rude customs agent, an unexpected notification for renewing a green card, an especially long airport-security line—can deeply color a customer's overall impression of an agency. Identifying these negative defining moments can lead to targeted interventions that have a big impact on outcomes. Agencies that succeed in making bad incidents as rare as possible have more satisfied customers than those that don't.

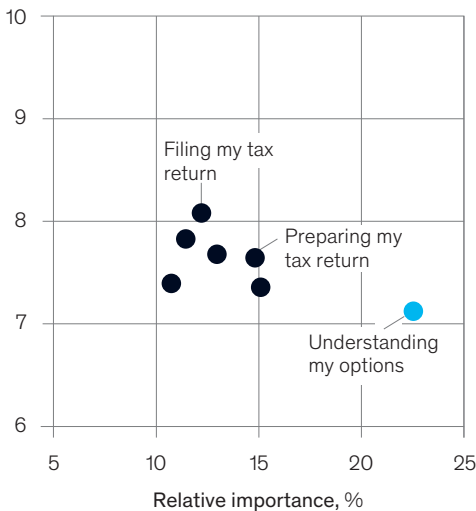→ *For the full article, see "Understanding the customer experience with government," on McKinsey.com.*

⑥ A winning journey design starts with the data

Measuring satisfaction during journeys is the biggest gap most government agencies face in understanding what matters to their customers. Across industries, journey satisfaction is a far better predictor of overall customer satisfaction and outcomes than satisfaction around a single touch point. Agencies are pushing hard to get better information to help them design better journeys.

For one government agency, the most important customer journey generated the most dissatisfaction.

Example: US Internal Revenue Service subjourney

Customer satisfaction
(from 1 to 10, where 10 is highest)

Source: 2018 Public Sector Journey Benchmark Survey

Data dive

The US Internal Revenue Service identified a handful of separate customer journeys. One, however, was particularly important to customer satisfaction: accessing details on preparing and filing returns and a better understanding of process options. Delving more deeply into that journey's data, the agency found that understanding options ranked most important and generated the most dissatisfaction.

→ *For the full article, see "Understanding the customer experience with government," on McKinsey.com.*

A data strategy

"We are learning that we don't currently have a great process to capture valuable insight from customers, so we are trying to start up a function to conduct interviews, have focus groups with customers, and even follow up on things like Yelp reviews for passport agencies to help with that prioritization process.

"We've also started making a concerted effort to gather feedback directly from employees and contractors so we can start to build a view of what preferences our customers have in their experience. We found the number-one reason applications were suspended was due to photo issues. Around 15 percent, or 2.5 million, applications each fiscal year are suspended during the adjudication process, causing delays and more effort on the part of the customer."

—**Aileen Smith,** former head of operations for the US Department of State's Passport Services Directorate

→ *For the full interview with Aileen Smith, see "Using data to improve customer experience in passport services," on McKinsey.com.*
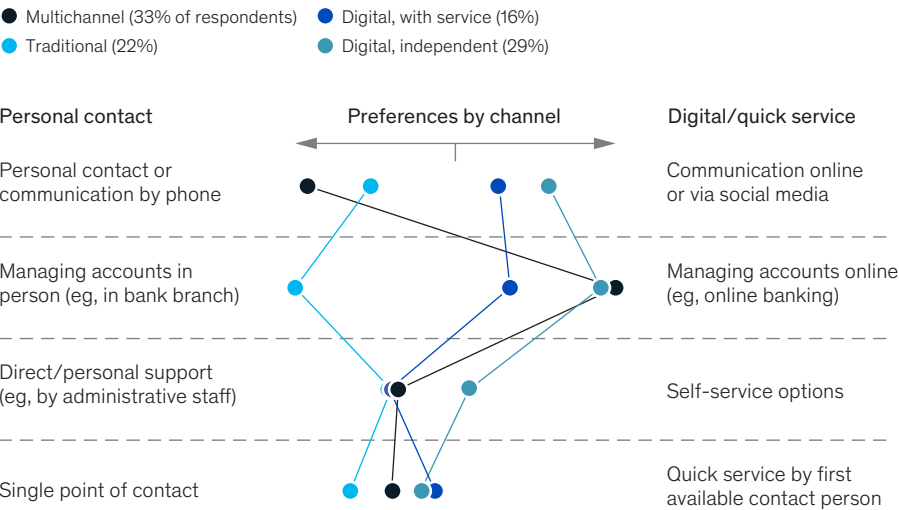
Reality check

Digital delivery of government services beckons, yet there are plenty of "analog" customers with unique preferences. Tech-savvy Millennials may skew heavily toward digital-only interactions, older citizens may prefer traditional delivery with a human contact, and many customers are in the middle, preferring multichannel options or a mix of digital and personal services. All segments value reliability. Tech-savvy segments value transparency more, and less tech-savvy segments prefer simplicity. No one seems to enjoy visiting a government location or calling a government help line. Here's a deeper dive into the interactions that German customers preferred.

When using government services, people display a range of preferences between personal contact and digital engagement.

Example of user segments in Germany

- Multichannel (33% of respondents)
- Digital, with service (16%)
- Traditional (22%)
- Digital, independent (29%)

| Personal contact	Preferences by channel	Digital/quick service
Personal contact or communication by phone		Communication online or via social media
Managing accounts in person (eg, in bank branch)		Managing accounts online (eg, online banking)
Direct/personal support (eg, by administrative staff)		Self-service options
Single point of contact		Quick service by first available contact person

Source: 2018 Public Sector Journey Benchmark Survey

⑦ Speed is important, but simplicity and reliability more so

Government agencies looking to improve customer experience prioritize delivering those services faster—whether it's delivering a benefit, returning a refund, or shepherding individuals through security. There are obvious reasons for this: slow service is a common complaint in feedback surveys, and decreasing processing time is straightforward to measure. Yet for most services in most countries, speed is only third or fourth on the list of citizens' priorities.

We've found that across the majority of countries and services, simplicity and reliability are the most critical drivers of service satisfaction. In their interactions with government agencies, customers want experiences to be easy and to occur in line with their expectations. In fact, the criticism of slow service tends to be more about expectations than actual speed. For example, a survey of those applying for a new passport or renewing an old one revealed that speed of return was not the most important driver. Instead, reliability most affected service satisfaction— when people know when their passport is going to arrive (and trust that it will), they can plan travel based on the passport date. Even if it took a few months, transparency is critical in this journey, demonstrating the need to identify the right driver to prioritize for each journey.

Customers want experiences to be easy and to occur in line with their expectations.

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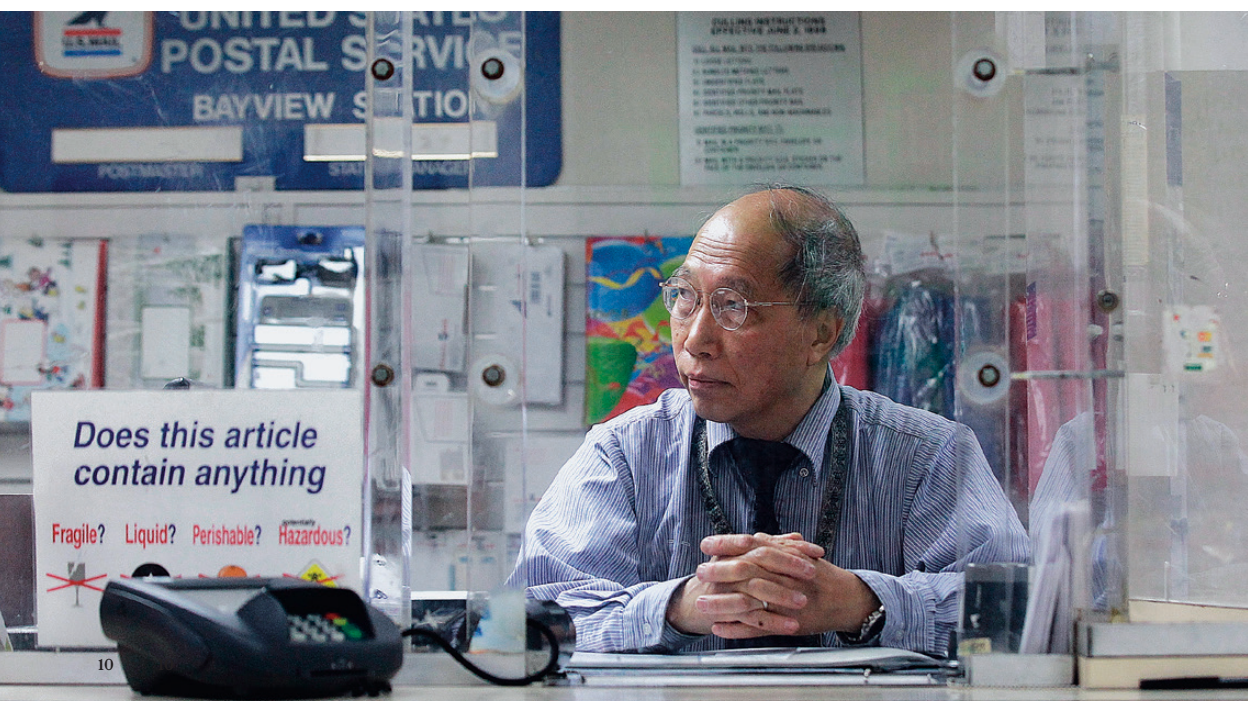
8 Add to the list: Leadership and innovation models

Transforming a public-sector organization requires a clear statement of purpose and shared values. The leader's role should be that of an integrating force, and communication is paramount. A good leader needs to look outside for inspiration. While benchmarking progress against other government agencies is critical, it might not be enough to achieve breakthrough innovation.

Leaders as listeners

"I went around the organization and stood in front of the entire staff, albeit in groups of 30, 40, and 50 at a time. I introduced a weekly blog. Bear in mind, most had never met the chief land registrar before. Suddenly, they get a weekly blog from me with the opportunity to post comments under their own names—no anonymity. Their colleagues can like or disagree with their comments, as well as my blog.

"In the first few months, there were loads of negative comments— most of them along the lines of, 'Graham, we've been saying the same thing for the past five or more years. Why hasn't anyone been listening to us?' But that has evened out as people have had more opportunity to articulate their thoughts and share them directly with me. Now they know someone is listening. Staff understand what we're doing, and they can see that I and the board believe in the registry and registration."

—**Graham Farrant,** CEO of HM Land Registry

→ *For the full interview with Graham Farrant, see "Transforming a 150-year-old government agency: A CEO story," on McKinsey.com.*

The 'Valley' view

Last year, McKinsey and the Aspen Institute convened a group of senior government leaders and tech-industry executives for two days of immersion in and discussion about innovation. At the San Francisco conference, tech executives urged the use of four tech-sector practices to transform how the public sector functions:

1. Be bold in vision but iterative in delivery—think big but start small.

2. Become obsessed with end users: citizens, yes, but also companies, organizations, and foreign visitors and investors.

3. Cultivate talent and practices with an eye to the future rather than anchoring them in the present.

4. Harness the insights of others: around the world, governments are tackling the same challenges, some with great success. Q

→ *For the full article, see "Advice from Silicon Valley: How tech-sector practices can promote innovation in government," on McKinsey.com.*

For more on improving public-sector customer experience, see our special-collection page "Customer Experience in the Public Sector," on McKinsey.com.

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