

Understanding the customer experience with government

Government agencies that are unclear on what matters most to their customers risk wasting time and resources on the things that don't. Finding out is the first step.

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Following a public-relations crisis, a federal provider of insurance resolved to change. An independent task force assembled to investigate the issue declared that the agency had lost sight of its end customer, the policyholder. To make amends, the agency decided to invest in accelerating its claims process, where the controversy originated.

But then new research revealed that for most of the agency's customers, speedy claims resolution wasn't the biggest issue; what policyholders cared most about was getting an initial infusion of cash fast and having greater transparency into and understanding of what was happening with their claim so they could better plan for when it was paid. So, the agency decided instead to significantly expand its advanced-payment program while increasing communications with policyholders throughout the process to set and manage their expectations.

Therein lies an important lesson for the leaders of government agencies of all types: understanding precisely what matters to the customers you serve is essential to improving their experience.¹

Yet most agencies don't. In a recent research effort, we set out to help close the gap between what agency leaders *believe* people want and what is *actually important* to them as customers.² The research highlighted many examples within and across services of how government assumptions diverged from what customers really cared about—for instance, speed of service matters less to them than transparency, and they care more about understanding their tax-filing options than the actual experience of filing their taxes. This article draws on that research to help agencies begin to understand what matters most to their customers and to establish a framework for agency leaders to better plan for and enhance customer satisfaction with government as a whole.

Government's challenge

Understanding what drives the customer experience is particularly challenging in the federal government.

Resources are one reason. Says Aileen Smith, former head of operations for the US State Department's Passport Services Directorate: "We, as government agencies, have to be resourceful. We don't have the same level of insight, research, or analytics that you'll find at a Walmart or Target, but we have to do what we can with the information we have available to us."

The data that agencies rely upon are typically incomplete. Agencies are forced to wrestle with how to link overarching customer-satisfaction scores such as the American Customer Satisfaction Index to online surveys and wait times. Feedback from surveys conducted by call centers or online offers just a narrow window into the way respondents think and feel at a given moment. Operational data and performance measures may be tracked but typically sit in siloes across numerous legacy systems and are rarely linked directly to customer feedback to create a full picture of the customer's overall experience. Many government agencies deliver services through third parties, further blurring visibility into customer interactions. And current legislative restrictions make it hard to undertake direct-to-consumer research; even amid a wave of deregulation, it remains difficult for agencies to get a real sense of customers' needs and desires.

In our experience, government agencies that seek to overcome these challenges and build a holistic view of the customer experience are most effective when they follow three basic steps: putting themselves in the shoes of their customers, understanding their end-to-end customer journeys with the service, and isolating the moments that disproportionately shape their experience along the way.

Step 1: Start with 'who'

It is not uncommon for a government agency embarking on a customer-experience transformation to realize early on that it lacks a clear understanding of who it actually serves. Unlike private-sector organizations, government agencies must aim to serve everyone within their mandated mission; they can't just ignore "undesirable" customers. In

addition, agencies are held to a high bar for fairness, which often solidifies over time into a principle of providing one-size-fits-all service. But a blind commitment to treating everyone exactly the same, however well meaning, can end up reducing the pressure on senior officials and frontline employees to truly understand the nature and individual preferences of those they serve.

Understanding what matters most to a diverse set of customers begins with understanding who these customers are. There is no “average” customer whose needs and behaviors reveal those of all the rest; a one-size-fits-all service often ends up fitting no one very well. Rather, creating a rich picture of a customer base requires macrolevel analysis of the core segments served, as well as analysis at the microlevel—of the traits, behaviors, needs, and beliefs of representative individuals within each broader group.

Across government, there is a common belief that agencies cannot (or perhaps should not) segment their market to provide differentiated services. This is a false conviction that stems from conflating two concepts: discrimination and segmentation. Discrimination implies some form of unjust treatment based on difference, while segmentation is a critical tool in understanding how different customers engage with and experience a service. Agencies should consider a broad set of demographic attributes, as well as behavioral factors, to help them deliver better services to more people. For example, when the Transportation Security Administration

was looking to expand its popular precheck program for airline passengers, the agency identified segments of law enforcement, military, and other low-risk groups for whom the streamlined security-check process would be particularly well suited. By focusing on those segments and shifting them into the program, the agency quickly expanded access to its program without increasing risk, even as it simultaneously decreased wait time for travelers.

Beyond segmentation, agencies should seek to better understand the individual customers themselves. As Laura Furgione, former deputy director of the National Weather Service, describes it: “We worked hard to really embed with our users, understand their lingo, ‘speak their speak,’ so we could help them understand weather threats in their own terms.” Developing customer profiles, or “personas,” is one tool agencies can use to do this—effectively stepping into the shoes of individual customers to understand their mind-sets and beliefs. These personas oblige agencies to take the customer perspective in designing and delivering services—stimulating new and creative insights beyond the standard rules and procedures within which government employees are used to operating.

Combining both customer segmentation and personas can yield powerful results. A few years ago, one major airport recognized that its signage was confusing. So it identified four large segments of customers—families with children, business travelers, international visitors, and elderly couples—and created specific personas for each. Airport staff then attempted to

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navigate the airport from the perspective of a given customer profile—for example, an international visitor not fluent in English. This exercise helped generate more intuitive signage and led to the airport employing “ambassadors”—specialized customer-service staff who speak multiple languages and can answer questions. These changes helped the airport achieve a number-one ranking for customer satisfaction among its peer airports in 2017.³

Step 2: Understand the customer journey

A taxpayer with a question about her federal income-tax return might consult with a friend or a tax preparer, call the Internal Revenue Service (IRS), explore IRS.gov, visit a taxpayer-assistance facility, or undertake some combination of the above. We call this the “I have a question” journey, encompassing any number and sequence of “touchpoints”—the individual points of contact between the agency and a customer looking for answers. Customer journeys are the set of end-to-end experiences, defined from the perspective of the customer, that constitute the life cycle of a customer relationship with a given agency or service. Mapping these journeys and understanding their importance is essential to any effort designed to improve customer experience.

Journey measurement 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 experience and business outcomes than touchpoint satisfaction. For example, a taxpayer calling the IRS call center with a question could have a positive experience on the phone (*the agent was helpful*), but her journey as a whole could be quite painful (*but I can't believe I had to call about something like this!*). Too many agencies only track touchpoint data, which leads them to invest in fixing problems in functional siloes rather than monitoring the journey from beginning to end.

Our recent study provides a window for agencies into how people experience the journeys associated with their services. Certain patterns emerged across

agencies—for example, in our analysis, the “I apply” journey emerged as one of the top two most important customer journeys. However, there was considerable variation in customer experience across services. Customers of the US Patent and Trademark Office tend to care most about their experience applying for trademarks. Disaster survivors, by contrast, care most about the Federal Emergency Management Agency’s ability to resolve questions or problems with its applications for disaster benefits—providing reassurance during a difficult time. Although the process of applying for disaster assistance still matters to these individuals, other journeys matter more (Exhibit 1).

A journey-centric approach can help agencies prioritize where to focus their efforts. For example, customers filing their federal tax returns with the IRS care most about exploring their options and preparing and filing their taxes (Exhibit 2). However, after digging deeper, it turns out the most important part of the journey for customers is learning about their tax-filing options. Furthermore, our research shows that this is the part of the process that is the most difficult and the least satisfying for customers. The challenge the IRS faces is that this leg of the customer-experience journey is out of its control, as it is usually provided by third parties through nongovernmental channels. However, the agency’s customers do not draw the same distinction—the journey is the journey, no matter who plays the primary role in shaping it. By zeroing in on the areas that matter most and by bringing in touchpoint-survey data and operational-performance metrics, the IRS and other agencies can better focus their attention and resources to improve the customer experience, whether done directly or indirectly within the broader stakeholder ecosystem.

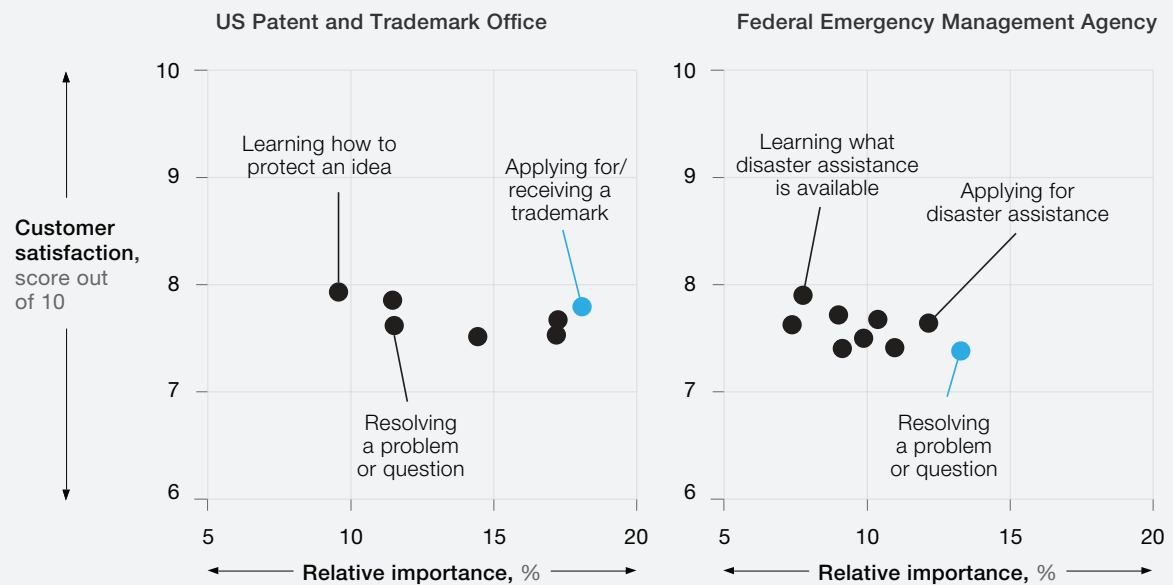
Step 3: Pinpoint ‘defining moments’

Within and across customer journeys, citizens have specific preferences about how they like to be served. Is the service reliable? Is it transparent? Easy to access? High quality? Is it worth the citizen’s time and money? These “experience drivers,” depending on the specific context, can have a significant impact on overall

Exhibit 1 Not all journeys are equal in citizens' eyes.

Prioritization of customer journeys by customer satisfaction vs relative importance

● Most important journey



Source: McKinsey Public Sector Journey Pulse Survey, Nov–Dec 2016

satisfaction—or no impact at all. Understanding and articulating the relative importance of these drivers can help clarify and focus efforts internally and externally to improve the citizen experience. At the end of the day, what we experience is a function of what we remember. And we are particularly good at remembering lousy experiences.

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 where and when such negative defining

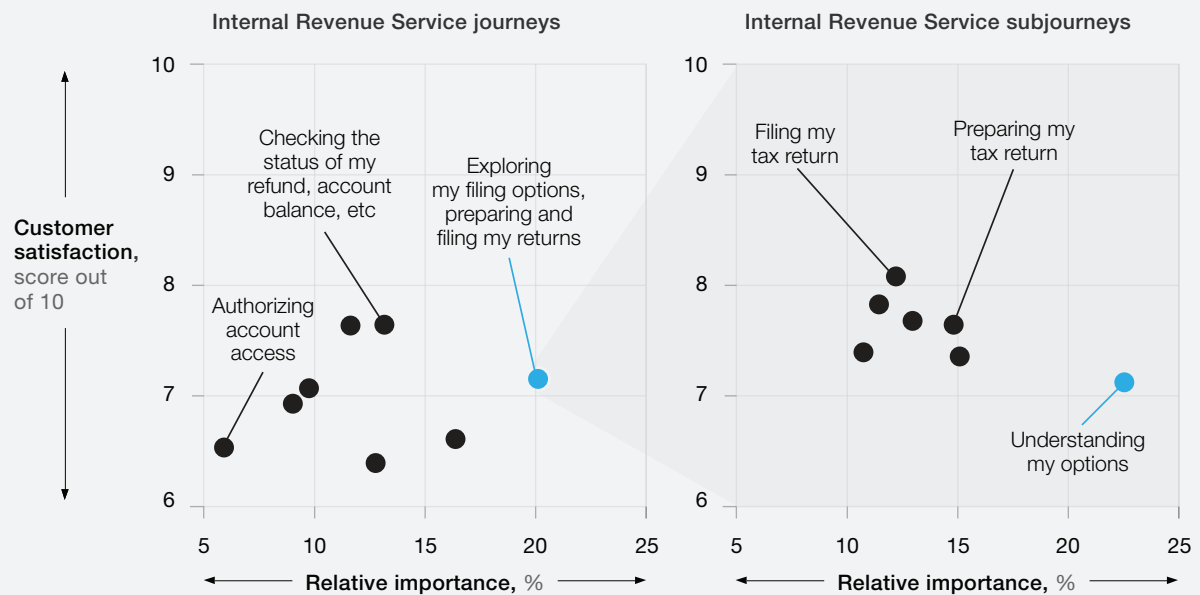
moments occur can help enable targeted interventions that have a big impact on outcomes. Agencies that succeed in making bad incidents as rare as possible have more satisfied customers than those that don't.

However, the inverse isn't true for positive defining moments. Our findings fit with a growing body of behavioral-psychology research that shows that bad events have more power than good ones to shape experiences. Moreover, people remember peak experiences more easily than ordinary ones. Our research shows that negative defining moments on average affect overall customer-satisfaction scores

Exhibit 2 The subjourneys within each journey illuminate what drives customer satisfaction.

Prioritization of customer journeys by customer satisfaction vs relative importance

● Most important journey



Source: McKinsey Public Sector Journey Pulse Survey, Nov–Dec 2016

four times more than positive defining moments (Exhibit 3). Ask yourself: How many on-time package deliveries would you have to receive from USPS to overcome your disappointment if an irreplaceable family heirloom was lost in the mail?

Although it's important for any organization serious about customer experience to mitigate painful experiences, the task takes on a different kind of importance in government, where customers have nowhere else to go. Unhappy customers tend to generate a disproportionate amount of the cost to serve that agencies bear, for example, through

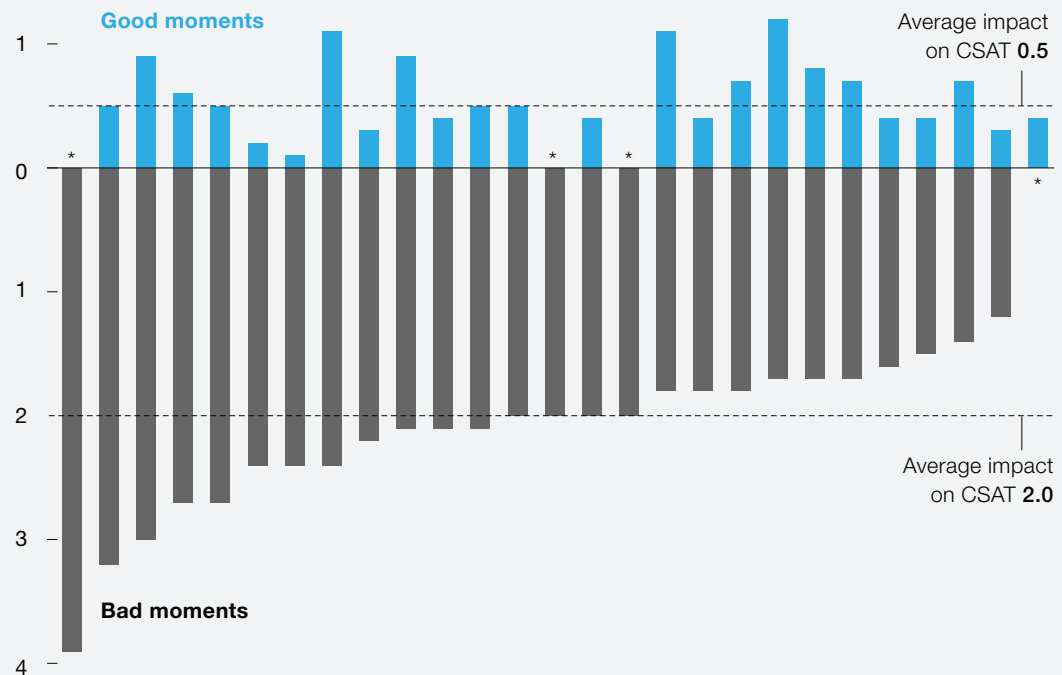
problem phone calls, as well as risks, through lawsuits. Identifying and addressing these issues—even with temporary fixes—can build momentum toward deeper, longer-term improvement. Furthermore, our research suggests that customers who receive “excellent” resolution of their issues often experience even higher satisfaction than those who never had any issues at all.

Government's advantage

Building a true understanding of the customer experience is a daunting task in government. Even so, federal agencies have a number of unique advantages to draw upon.

Exhibit 3 **Bad ‘defining moments’ have a disproportionate impact on experience.**

Impact of defining moments on overall customer experience by government service,¹ net change in average customer satisfaction (CSAT)



¹Sample focuses on 27 services provided by the following US federal departments and agencies: Departments of Agriculture, Commerce, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Labor, State, Treasury, and Veterans Affairs; Consumer Financial Protection Bureau; Federal Recreation Council; General Services Administration; National Weather Service; Office of Personnel Management; Social Security Administration; and USPS.

*Services that appear with no “good” or “bad” moment impact had insufficient sample size to include.

Source: McKinsey Public Sector Journey Pulse Survey, Nov–Dec 2016

Federal government agencies collect operational data that are extensive and detailed but tend to end up substantially underused as a source of insight into the customer experience. These data span the full spectrum of interactions between individuals across channels. They include customer-touchpoint surveys as well as measurements such as processing time and the number of times a customer is handed off during a journey—metrics that represent the underlying measures of performance that shape the customer experience. Frontline employees can provide a wealth of insight into the experience of the customers they

engage on a daily basis—through both qualitative and quantitative feedback. Linking these latent data sources to priority customer journeys offers a clear opportunity to generate actionable insights to improve the overall experience. This unique data advantage can also be used to create a comprehensive portrait of individuals across the milestones that shape their lives—receiving an education, buying a home, raising a child, retiring comfortably—in order to improve delivery of services overall.



Every agency looking to improve its customers' experience does so with finite resources and limited time. Understanding what matters most to people is crucial for setting priorities and making effective decisions about the steps to take to truly capture the benefits from listening to your customers and better engaging your frontline employees. ■

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¹ Governments serve their citizens as well as an array of other constituents and stakeholders. In this article, the term "customer" refers to all those who make use of government services.

² Our research is based on a survey of more than 15,000 recipients on their experiences with 31 US federal services during late 2016. The survey was designed around the core set of customer journeys respondents experienced with a service. Results were analyzed using multivariate statistics to mathematically derive the elements of each journey that mattered most in shaping the overall customer experience.

³ "North American airports effectively navigating construction, capacity challenges, J.D. Power finds," J.D. Power, September 21, 2017, jdpower.com.