



The Voice of the Customer

Surveys, Mystery Shopping or Customer Immersion?



These days few company bosses would disagree with the words of Wal-Mart founder Sam Walton:

●● *There is only one boss. The customer. And he can fire everyone in the company from the Chairman down, simply by spending money somewhere else.* ●●

So everybody's interested in the Voice of the Customer but what exactly does it mean? Sam Walton was very clear about the goal – customers spending money with Wal-Mart not its competitors. This is easy to monitor. Supermarkets have daily sales figures, broken down into all relevant product categories and compared with the same day last week and last year. It tells them exactly how the business is performing. But not why. Customers spending more money at Wal-Mart, or at its competitors tells you how customers are behaving. The Voice of the Customer (VoC) tells you why.

Attitudes and behaviours



VoC is all about understanding customers' attitudes – how they think and feel. People's attitudes drive their behaviours. As far as customer management is concerned, intimate understanding of the attitudes that will drive customers' future behaviours is the key to maximising customer loyalty and hence company revenue. It is usually the main differentiator between companies in highly competitive markets. So if VoC is that important, you presumably can't get enough of it? Not true. The problem is not getting enough information about customers. The problem is getting the right information. This article will discuss some traditional and newer methods of understanding customers' attitudes together with their value

in successfully predicting and managing customers' future behaviours.

Surveys

Readers of this magazine don't really need any lectures on customer surveys, so let's just summarise the key points.

- To be effective in predicting customers' future behaviour, survey questions must be based on what's important to customers rather than what's important or interesting to the organisation. This is based on the incontrovertible principle, going back to Adam Smith, that people seek to repeat pleasurable experiences and avoid unpleasant ones. To be valid predic-



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tors of customers' future behaviour you therefore have to base survey questions on the same criteria that your customers use to make decisions about repeating or not repeating experiences with your organisation.

- The questions are therefore generated by conducting exploratory research with customers, usually through focus groups in consumer markets and depth interviews in B2B.
- To be a reliable indicator of customers' future behaviour, rather than an unreliable, volatile one, the headline measure of company performance that you track must be a composite index derived from all the satisfaction questions rather than a single question such as overall satisfaction or willingness to recommend.
- To improve customers' attitudes about your organisation, and their desire to repeat customer experiences with it, your surveys must highlight the right action areas that will make the biggest difference to customers' future behaviour. Known as PFIs (priorities for improvement), these should focus on a very small number of actionable areas where the organisation is falling

short of meeting customers' requirements, i.e. not doing best what matters most to customers. Obviously, companies then have to take effective action to address customers' unfavourable attitudes in those areas.

If these simple steps are followed, customer satisfaction and loyalty invariably improve.

Mystery shopping

Some organisations view mystery shoppers as customer substitutes. True, they have to go through a typical customer journey. If they're mystery shopping a hotel, they will stay overnight, eat dinner and breakfast and use any other facilities such as a health club. But are they the same as real customers? Of course they're not. Professional mystery shoppers are exactly that. They are well trained to observe and record many aspects of the service delivery process and consequently provide highly detailed information that's very useful to operational managers. Examples might include whether the hotel receptionist was wearing a name badge, addressed the customer by name and provided clear directions to the room. They can record waiting times at check-in and check-out as well as in the restaurant. They can also make judgements on levels

of cleanliness or staff friendliness and helpfulness. Technology even permits surreptitious video recording of staff, though companies need to think carefully about the implications of this for organisational culture and values. So mystery shopping provides many practical benefits to operational managers for use in staff training, evaluation and recognition, but can't provide understanding of how customers feel about the customer experience and the attitudes they are forming about the company.

Since a mystery shopper's job is to make observations on companies' customer service performance, they cease to be normal customers, becoming highly aware and often much more critical than typical customers. Whilst this is good for their role, it doesn't provide an accurate reflection of how normal customers feel. Tests have reported other inconsistencies with mystery shopping such as males and older people producing less accurate reports than females or younger ones¹. Our conference feature earlier in the magazine reported on the benefits Boots have gained from switching mystery shopping budget into customer surveys. The next case study illustrates some less predictable disadvantages of mystery shopping.

Smile school

In their book "Loyalty Myths", Keiningham et al use the experience of Safeway in America to illustrate the dangers of mys-





tery shopping². They explain how Safeway based its strategy in the 1990s on delivering superior customer service and invested in an extensive mystery shopping programme to monitor employees' performance in delivering it. Employees were expected to do things like thank customers by name, offer to carry their groceries to the car, smile and make eye contact: all very desirable customer service behaviours which should lead to customer satisfaction. And they did. Throughout the 1990s Safeway's customer satisfaction levels and financial returns were very high. However, in stark contrast to the teachings of the Service-Profit Chain³, customer satisfaction and employee satisfaction were moving in opposite directions. This was because employees who failed to achieve a target mystery shopping score were sent for remedial training (called Smile School by the employees), and could be dismissed if their performance failed to improve. Moreover, female employees' feeling that the smiling and eye contact could send the wrong signals to some male shoppers was confirmed by an increase in the number of sexual harassment incidents committed by customers. This led to a number of charges filed against Safeway by the employees' union and some individual female employees. In the end, the Service-Profit Chain wasn't wrong. Poor employee morale adversely affected customer satisfaction and Safeway's financial performance. According to the ACSI⁴, Safeway's customer satisfaction levels rose substantially from 70% to a high of 78% by 2000 as a result of its focus on customer service. However, as problems with employees intensified, the customer satisfaction gains were virtually all lost,

Safeway's score falling back to 71% by 2003.

Mystery shopping summary

In the European Union there are restrictions on the use of mystery shopping that prevent it being used for disciplinary purposes against individual employees. It is increasingly recognised by good employers that mystery shopping is best used for factual rather than judgemental aspects of service and to provide positive feedback and recognition to employees. Good companies also understand that it provides operational information rather than a reliable measure of how satisfied or dissatisfied customers feel.

Customer Immersion

The newest buzzword on the block, customer immersion (sometimes called experience immersion) is designed to bring the VoC alive, thus moving managers closer to the customer experience for which they're responsible. This means it can encompass virtually any technique that helps staff to 'put themselves in the customer's shoes'. This could include simple things such as sitting behind the one-way mirror to view focus groups live, taking customer calls on a regular basis as advocated by Richard Branson or listening to recordings of customer calls in groups and discussing how the customer experience could be improved. With more investment, staff can be permanently reminded about seeing things from the customer's point of view. When MBNA Executives roamed around its headquarters in Wilmington, Delaware, they saw the phrase "Think of yourself as a customer" spelled out in gold capital letters

on both sides of at least 1,700 doorways and woven into as many carpets. Not a low cost investment. When lean and mean

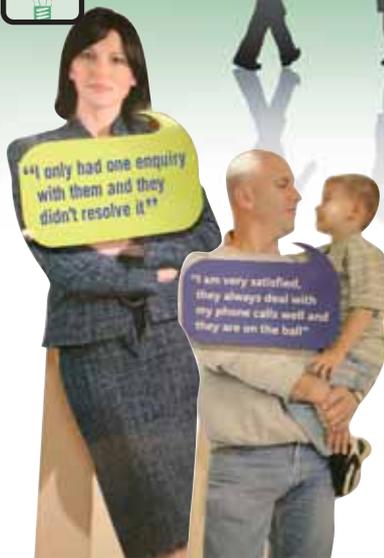
Think of yourself as a customer



Bank of America acquired MBNA in a \$35 billion take-over in 2005 a major culture clash was anticipated. In the event, Bank of America jettisoned some of MBNA's more extravagant assets such as its extensive art collection, on-site golf course and large fleets of boats and private jets. However, not only did it adopt MBNA's renowned customer-focused culture, keeping open all MBNA's call centres whilst making savings by closing some of its own, it also put MBNA's signature gold "Think of yourself as a customer" letters up on their own buildings' walls.



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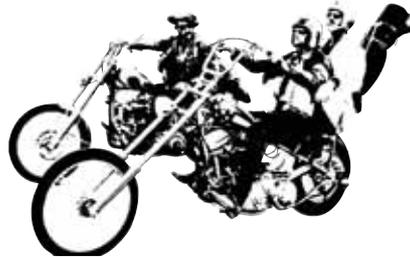


In the December 2006 edition of Stakeholder Satisfaction Stephen Hampshire's Irish Life case study profiled their cardboard cut-outs. Designed so that customer comments, good and bad, can be attached to them in speech bubbles, they bring the VoC right into the office. To maintain their impact there are several different designs, which are constantly moved around the building and the velcroed customer comments are regularly replaced. Boots also use comments generated from their customer satisfaction surveys to motivate staff. Their 'Wow comments', based on the 'catch someone doing something right' principle, are incredibly effective for recognition purposes. Some store managers have used them to set up 'Boards of Fame', 'Wow Idols' and other innovative ideas.

Also in the December 2006 Stakeholder Satisfaction, we explained that in addition to common methods such as formal market research, customer comment cards and in-store customer service desks, Irish supermarket Superquinn has always implemented policies to ensure that its managers stay close to customers – in many cases quite literally. For example, founder Feargal Quinn would often walk round a store whilst holding a meeting. A great way of making store managers stay close to customers was to give them an open office within the store itself! All managers must put themselves into the customer's shoes by doing their own shopping within the store – in particular, male managers cannot delegate the task to their partners, and they must work on the shop floor at least once a week. Superquinn also holds fortnightly customer panels with senior managers, including Feargal himself, regularly attending.

As Phil Dourado explained in stakeholder Satisfaction in July 2005, Harley-Davidson executives are expected to ride with customers for 10 to 15 days each year. Now that is a customer immersion hardship! With a little more hard work, at the company's centenary celebrations in Milwaukee, the job of Harley-Davidson's VPs was to hand out brochures to visitors. One of the VPs calculated that over the three days he had spoken to over 10,000 customers.

A particularly interesting example comes from Credit Suisse, whose David McQuillen has the job title of Director, Experience Design. Earlier this year, David told the



European Customer Management Conference how he uses his customer satisfaction survey results to identify the top 5 things that matter to customers at each touchpoint. He then asks executives to write down what they would expect the customer experience to look like for a specific touchpoint before walking in the customer's shoes, undergoing the experience and reporting back on how it differs from their original assumptions. Managers have accompanied customers in branches, opened an account on the company's website, made a telephone enquiry, applied for a credit card and even spent a day in a wheelchair to see how disabled-friendly the customer experience was.

Move closer to customers and listen

Customer immersion might be a 2008 buzzword, but as illustrated in this article, it's not a new concept. Superquinn and MBNA were doing it 20 years ago and they weren't the first. In 1914, the Computing, Tabulating and Recording Company, which was performing so poorly that its Board had seriously discussed

liquidating the company, decided instead to hire a promising young executive from National Cash Register called Tom Watson. He proceeded to instil an almost messianic adherence to what he called his "three basic beliefs":

- 'Give full consideration to the individual employee'
- 'Spend a lot of time making customers happy'
- 'Go the last mile to do things right and seek superiority in all that we undertake.'

Having turned the corner and restored growth and profitability, Watson changed the company's name to International Business Machines. And the rest is history.

The thing is, whether you call it Voice of the Customer, Customer Immersion, Wowing the Customer or pick something else from the plethora of buzzwords and jargon it's about making sure that employees and their bosses are sufficiently motivated to genuinely try to do best what matters most to customers. Follow Tom's advice and you won't go far wrong! **S**

References

- 1 Morrison, Colman and Preston (1997) "Mystery customer research: cognitive processes affecting accuracy", *Journal of the Market Research Society*, 46 (4)
- 2 Keiningham, Vavra, Aksoy and Wallard (2005) "Loyalty Myths", John Wiley & Sons, Hoboken, New Jersey
- 3 Heskett, Sasser and Schlesinger (1997) "The Service-Profit Chain", Free Press, New York
- 4 www.theacsi.org



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