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So What's The Real Problem?

As measuring the voice-of-the-customer continues to gain popularity in the customer experience space, new approaches and tactics designed to listen are continuously taking form. Although this level of evolutionary continuity drives innovation and forward thinking, it can also have an adverse effect when bad practices arise.

One of particular interest is social media monitoring, which is a tactic designed to capture and aggregate the scope of conversations on social media channels, such as blogs, social networking sites, forums, etc.. Few would argue that when used appropriately - as a marketing tool - this tactic offers strategic insight and allows brands to maintain a competitive edge within their industry. While this tactic allows brands to engage more effectively with customers, identify competitive opportunities, and measure the effectiveness of marketing campaigns, it also has inherent limitations when used inappropriately.

The dangers of a reactive customer experience program

Every day we are engaged in conversations with all types of brands – both big and small - across the globe. Over the past year, we have noticed a sizeable increase in the amount of companies who come to us that rely on social monitoring when managing customer experience. Therein lies the problem. These brands have displaced a proactive and operations driven approach with an approach designed to be reactive and marketing focused. No longer are these brands able to dictate and own their customers' experience, they are now operating as inexperienced firefighters – constantly seeking out and extinguishing fires in an effort to mitigate damage to their brand's reputation.

Let's Look A Little Closer

To fully understand the implications of relying solely on an approach that is intrinsically reactive, let's take a look at some numbers. In a study by McKinsey & Company, it was found that:

- Consumers are 2 times more likely to share a negative experience than they are for a positive experience
- Word-of-mouth is the motivating factor in 20-50% of all buying decisions

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2X

CUSTOMERS ARE 2 TIMES MORE LIKELY TO SHARE A NEGATIVE EXPERIENCE THAN THEY ARE FOR A NEGATIVE ONE.

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50%

WORD-OF-MOUTH IS THE MOTIVATING FACTOR IN UP TO 50% OF ALL BUYING DECISIONS.

The spread of negative word-of-mouth

The data paints a clear picture and one that puts into perspective the pitfalls of managing customer experience in a reactive way. When brands spend resources only on responding to customers in times of crisis, they establish an environment that is crippled with toxicity and one that mathematically favors a decrease in overall customer loyalty. By not having a program in place that is designed to proactively ensure a high level of customer service, it becomes difficult to identify areas for improvement.

Instead, time and resources are being spent minimizing the spread of negative - word - of-mouth and putting out fires.

Provide a 360-Degree View

Today's competitive marketplace has given rise to an increase in expectations around customer experience. Customers have become hyper-focused in the way they are being treated by service representatives and they are holding brands accountable when bad service occurs. In a study conducted by Accenture, it was found that on average 51% of customers switch brands after experiencing poor customer service. With this in mind, consider a scenario where a store with a reactive approach has a broken process in the sales process. In most cases, leadership wouldn't be aware of the problem in time to proactively resolve it; instead they would be forced to respond only after a crisis manifests. If a proactive means to measure customer experience was in place, leadership would have a greater chance to identify and correct the issue before losing revenue.

A holistic customer experience management program is a proactive tool

In order to fully understand what shapes your customer's shopping experience, it is best to install a holistic customer experience management program – one that is proactive in nature. This is best accomplished through a combination of resources that include customer surveys, customer intercepts, field audits, and video mystery shopping. Let's pause a bit and discuss the use of video for a number of these resources, which provides leadership with actionable insight into the store level. When video capture is in place, front-line employees become more aware of their behavior, and customer's experiences, which increase productivity and organically improve customer service. Because video captures the cumulative scope of interactions with customers, managers are best equipped to focus on revenue driving behaviors when coaching their staff, thus maximizing sales opportunities.

Getting to the root of the problem

A well designed and well rounded program with use of video makes it much easier to get to the root of an issue while stopping it at its source; thus preventing the need for firefighting. Not only will you know your guests' average wait time, the cleanliness of your stores, and the steps of service offered by your associates, you will also understand how these operational practices impact overall opinion of your brand.

What sets video apart?

In a previous white paper, we discussed how customers do not anticipate the need to evaluate their shopping experience when entering a store. Because of this, they are forced to rely on memory when reviewing their experience after leaving the store, which introduces a staggering degree of inconsistency in their recollection. According to Dr. Elizabeth Loftus, of the University of California, Irvine, human recall is “more akin to putting puzzle pieces together than retrieving a video recording”. This means that it cannot be “played back” in sequence with accuracy but rather is reconstructed through small pieces that can be combined differently and therefore inaccurately.

The problem of inaccurate recall is further exacerbated when there is lag time between the actual service or sale and completion of the survey from a computer at home hours - or even days - later. Nobel Prize-winning psychologist Daniel Kahneman notes that people’s recollections of an experience are dominated by two distinct things: how they felt at the peak of that experience and how they felt at the end of it. As such, customer recollection of details during a store visit would be colored similarly by those two points in their shopping experience.

65%

65% of all customers will speak
negatively of their shopping experience

- Harvard Business Review

A Real Life Example

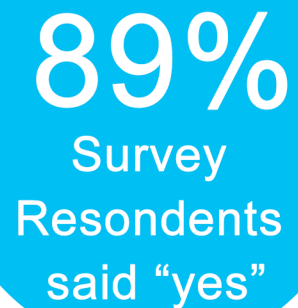
To put this into perspective, let's look at a real life example of data that contrasts memory recall in customer surveys versus video data collection.

A leading retailer with annual sales exceeding \$2B was interested in understanding what shaped their customer experience from a 360 degree perspective. To accomplish this, we implemented a range of programs, which included video mystery shopping and customer satisfaction surveys. We aggregated data from each program and the results were staggering. The combined evaluation score from the surveys were 89.9% while their video mystery shopping scores were 56.1%.

Digging a little deeper

Because survey questions are designed to be concise while video surveys capture data from the beginning to the end of a shopping experience, comparing the overall results from these two methods doesn't convey the entire story. Let's break these results down a little further to get a better perspective on the discrepancy between these two methods.

We analyzed the results from whether or not the customer was greeted by an associate in the store. On the customer survey, customers were asked "during your shopping experience were you greeted by an associate?" in which 89% of respondents chose "yes". However, our video data told a much different story. We found that customers were being greeted only 58% of the time during the cumulative scope of their visit.



89%
Survey
Respondents
said "yes"



58.5%
Video showed
that customers were
greeted only 58.5%
of the time

When asked:

"Were you greeted by an associate?"

Actionable Insights

Bearing in mind the above data disparity, let's look at how these two techniques impact any actionable decisions made by management. With respect to surveys, managers will likely make clouded decisions based on the assumption that customers are properly being greeted the majority of the time. Because this assumption will result in either limited or no action being taken by management, this negative behavior from associates will continue, thus resulting in a diminishing level of customer satisfaction. In the case of video capture, managers have the ability to experience - with their own eyes - that customers are not being greeted, allowing them to make actionable decisions to correct this behavior. They will have insight into which associates require coaching, allowing them to continuously monitor their behavior, thus ensuring that it improves.

Let 2015 be the year of proactive continuous improvement

The results speak for themselves. If you are looking to capture a clear picture and install a program that is focused around continuous improvement, then video capture is the best solution. When a program of this nature is in place, a clear understanding of your customer's shopping experience takes form. With this level of understanding, you will be establishing a proactive culture focused on delighting customers. If your corporate goals are to build customer loyalty while maintaining a competitive edge, then collect reliable, objective data by installing a holistic customer experience program.

About Reality Based Group

Reality Based Group (RBG), is evolving customer experience. Since 1992, RBG has measured the customer experience from an objective point of view for some of the world's most respected brands, across over 10 industries. RBG programs are designed to deepen customer loyalty while simultaneously increasing profitability. Our solutions include written and video mystery shopping, customer satisfaction surveys, manager audits, merchandising audits, competitive pricing audits, and training programs.



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