



Do you know what your customers **really think** about you?

We can help you find out.

Research carried out by the Cambridge Service Alliance has shown that widely used methods for gauging customer satisfaction – such as ratings surveys and Net Promotor Scores – do not really tell you what your customers are thinking. Dr Mohamed Zaki and Professor Janet McColl-Kennedy, worked with CSA partners to devise a better way of understanding the customer experience.

According to a 2018 analysis by PwC, customers are so used to great customer experience that 32% say that they will walk away from a brand after just one bad experience. This is a sobering finding, particularly if you have no idea when your customers are having those bad experiences. This will often be the case for those firms that rely on surveys to score their customers' satisfaction levels.

Our research has shown that high overall satisfaction scores do not mean that your customers are happy with you. We found that while a large percentage of customers gave scores of 8.5 out of 10 or more, 90 per cent of them used the comments section to voice significant complaints. But their complaints were not being addressed because the high scores were lulling the firm into a false sense of security. Further analysis revealed that this lack of response resulted in lost sales. For instance, one so called "satisfied" customer reduced purchases from over \$200,000 to less than \$2000.

The challenge: why surveys don't work

Customer loyalty is complicated and, as PwC points out, it can be fragile – and surveys are a blunt instrument. Firstly, only a small subset of customers ever complete them. One CSA partner, reported only 1-2 per cent response rates. Numbers like that are never going to give you robust results. Even if all of those customers were saying the same thing, it is easy for senior management to ignore them, on the basis that the sample size is not statistically significant.

Secondly, surveys can only ever give you a snapshot of a moment in time. How will you know, for example, about a customer's bad experience if it takes place the day after you last surveyed them? And timing is another challenge. Firms often send out their surveys weeks after the last touch point, by which time they are not capturing real feedback as the customer's emotional response will have well and truly dissipated and key details of the interaction are likely to have been forgotten.

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Another critical weakness of standard ratings surveys is that they cannot pick up those emotional responses in the first place. Turning customer feedback into one-dimensional metrics has been a rational organisational response to the challenge of interpreting (and, hence, being able to act on) large volumes of data. But this is not helpful if those headline numbers are preventing the firm from hearing what their customers are trying to tell them.

Finally, there is a danger that carrying out surveys can make things worse rather than better. If you ask for a customer's insights,

you need to be able to act on them. If you don't, you end up making them even more frustrated.

Building a better solution

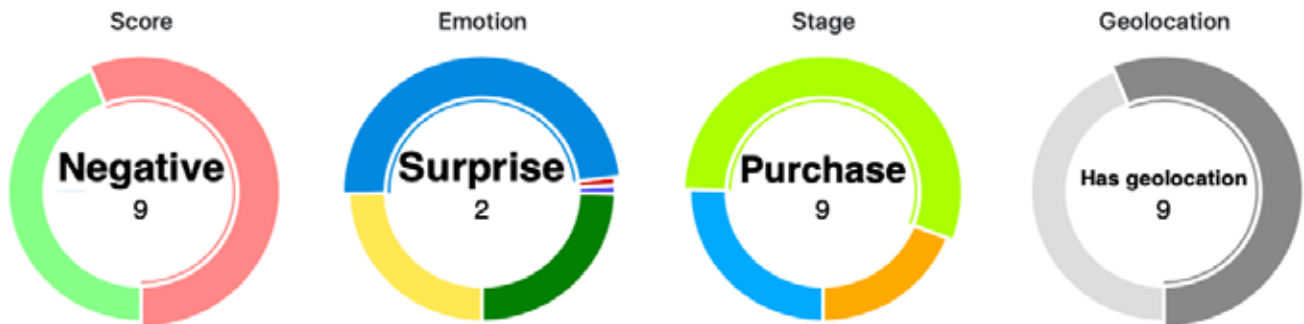
Our mission was to design a prototype that enables firms to overcome the limitations of conventional survey techniques to capture meaningful feedback that can be used to intervene when things go wrong at an individual level and to develop new services at a systemic level. By using cloud and AI technologies we wanted to be able to track the customer experience in real time and create a user interface which would allow service providers to see what's going on and be able to act on it.

We started by mapping key touch points and then developing methods of collecting feedback that customers would not find intrusive or irritating. Surveys remain an important weapon in the customer experience armoury, but we also wanted our system to use every contact between the customer and the firm – such as emails and phone calls – as an opportunity to extract useful insights.

To make sure we got our approach right, we worked with the customers themselves. Not only did this give us a better outcome, it also meant they were invested in the process and more likely to make it work.

For our prototype, we identified three critical touch points and embedded feedback mechanisms in each of them. The first is when a call centre sends an

To find out more about our customer experience prototype and other research in this field, contact:
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email to a customer confirming a job has been booked and includes a link to a survey. The second is when the technician is on site and they ask the customer to complete a survey on a tablet there and then or they email it to them later if preferred. The third and final touch point is when the invoice is sent, accompanied by a link to a survey.

Getting the survey questions right is also key. The trick is to keep them simple to make it easy for the customer to complete. But the real game-changer here is Machine Learning. Until now it has been very difficult to interpret and act on qualitative data collected in large volumes, hence the tendency to reduce it down to numbers.

Machine Learning allows us to combine conventional rating scales with analysis of the customers' views – written in their own words – to get a real insight into their emotions: are they feeling love, joy, anger, fear or surprise? It also makes it possible to ask customers to suggest ways in which the services can be improved – and be able to turn those insights into meaningful outputs.

Usability is as important for the service providers as it is for the customers. For the former, a dashboard can show in real-time

how particular areas of the business are performing. If there are issues emerging it allows users to drill down to see what's going on and intervene. It also gives users a view across the entire customer journey, exposing problem areas. And it means that different people across the organisation will have the same view of the customer, so that if problems have arisen in the past all customer-facing staff will be able to see what has happened and act accordingly.

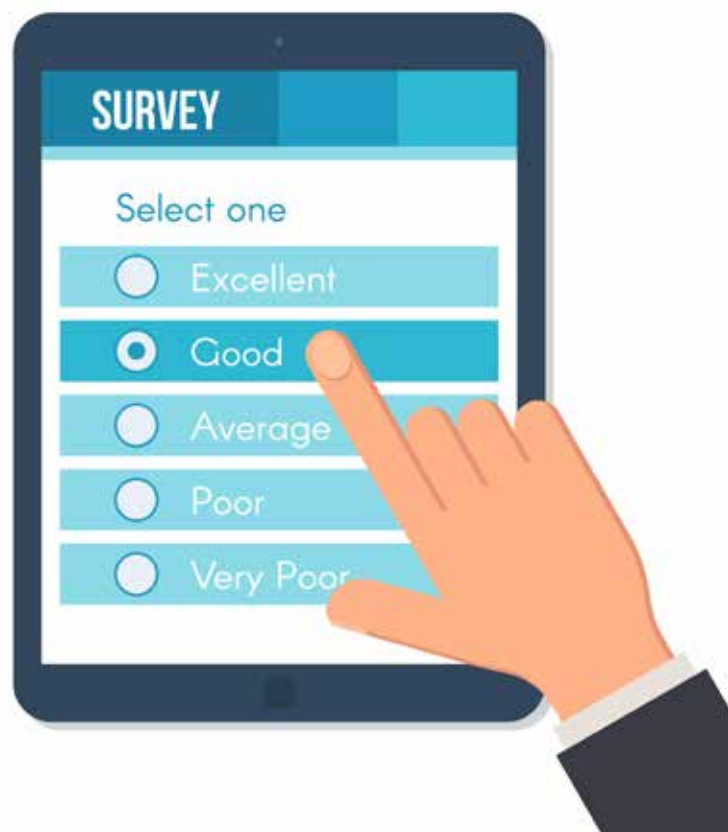
Where next?

The CSA team built the prototype using four years' worth of real customer feedback as the training data for its Machine Learning. It has now been used with customers and successfully demonstrated the proof of concept.

Potential next steps will be to integrate it with existing company systems to further enrich the view of the customer and enable at-a-glance analysis of customer experience related to other metrics such as customer spend. We also envisage that advances in technology will allow us, for example, to use voice recognition

technology to capture emotions expressed on phone calls which can then be analysed both for content and tone.

To design and deliver successful services you need to know what your customers are thinking, feeling and doing. Until now, this has been difficult to find out but Machine Learning and new data analytical tools have fundamentally changed the rules of the game. There is no excuse now for not hearing what your customers are telling you.



About the authors

Mohamed Zaki is Deputy Director of the Cambridge Service Alliance at the University of Cambridge in the UK. His research interests lie in the field of Big Data, advanced modelling and its application to digital manufacturing and services.

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CAMBRIDGE SERVICE ALLIANCE (CSA)

A unique collaboration between the University of Cambridge and some of the world's leading businesses to design and deliver the services of the future. Its focus for 2019 is service transformation through digital innovation.

“Our partnership with the CSA will create a wealth of new opportunities for HCL and our customers. Working alongside the world's foremost academics and leading organizations, we aim to pioneer new digital solutions for the next decade, today. Through these efforts, we will uncover new ways in which digital technologies can empower and transform businesses. We are also excited to be able to uniquely offer our customers the benefits of being a member of such a prestigious alliance.”

Ashish Gupta, CVP and Head of EMEA, HCL Technologies

“CEMEX has started its journey to design new services focusing on improving our customers' experience. The Design Lab Services was launched to research, diffuse and implement new approaches and best practices for service design. We are also committed to collaborating with the best universities and experts around the world on applied research and innovation projects to get prepared for the digital revolution.”

Martin Adolfo Herrera Salado, Digital Enablement, Business Consulting Services

“One of the key things about the Alliance is the non-competitive nature of the partners within it. That allows us to move away from some of the more traditional IP and confidentiality rules, to openly share our challenges, dig beneath the surface of some of the hype about digital and get into the nuts and bolts about how we really deliver it and the challenges we all face.”

Caroline Burstall, Supply Chain Manager For Industrial Power Systems, Caterpillar

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