

Capturing the True Voice of Your Customer



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This is the first in a series of four executive briefings designed to provide a step-by-step approach to capturing the Voice of the Customer in retail banking and systematically putting it to work for superior business results.



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An Executive Briefing By Six Sigma Qualtec and Market Solutions Group, Inc.

Most retail banks invest in obtaining customer feedback. They may maintain a special customer service phone center that tracks individual customer interactions and flags complaints. They may solicit feedback from new customers following the account opening process. Qualitative research may be used to gather customer reactions to new products and services. Some banks even conduct a fairly comprehensive customer satisfaction survey annually. *And then little or nothing substantive happens.*

Why? Such attempts to capture the Voice of the Customer often amount to little more than sound bites out of the customer's total experience with the bank. Piecemeal information measures customer response to a one-time experience or to one delivery channel. Moreover, the information tends to stay in the department that collects it. The result: fragmentary and often distorted customer feedback.

Such disjointed feedback fails to capture a comprehensive view of customer expectations at every point of contact with the bank and with every business process. More importantly, when feedback is disjointed the gaps between expectations and reality persist. As a result, improvement initiatives are prioritized in terms of the squeakiest wheels, instead of according to the information that is critical for retaining and expanding customer relationships. Where, then, to begin?

Listen ... and Learn to Talk the Talk

The first step in communicating with your customers is listening. Assuming that you know what's important to them because you talked with them a year ago is a risky proposition. You must speak to them often and give them the opportunity to express themselves in their own words. Understand how customers describe their environment and recent experiences so that you gain emotional insight into their decision-making and behavior. Above all, communicate with customers in their own language to create an immediate bond and to establish real trust.

For example, if you refer to the place where they do most of their banking as a 'banking center' and your customers call it their 'branch,' which word should be used when communicating with them? Does it matter? What happens when your customer describes fast loan approval as 'within five minutes after submitting an application' and you describe 'fast' as same-day approval? Will the customer's voice be heard? Will some other bank meet your customers' desires first? Does 'fast' mean the same thing to your most profitable customers as to your 'up and comer' group? How is 'fast' defined when customers are banking online versus in a branch? If you don't really know what 'fast, accurate, knowledgeable, friendly, responsive, and caring' *means to your customers and in their language*, you may not be listening effectively.

Exploit the Power of Qualitative Research

The most effective technique for listening is Qualitative Research. Qualitative Research, in which a moderator guides an open-ended discussion among one or more customers or prospects, helps uncover experiences and define expectations. It is the closest you can come to having a real conversation with your customers – where you do all of the listening and they do all of the talking.

Keep in mind that not all customer groups are alike. Expectations and needs vary by product, by depth of relationship with the bank, by life-stage ('single, out of school' versus 'mid-career, empty nester') by geographic location, wealth, and other demographic, social, and behavioral factors. You must therefore conduct enough qualitative research in the appropriate setting (individual v. group) to capture all of those unique voices:

- A one-on-one in-depth interview may be the best way to solicit feedback from affluent customers, who expect a customized, personal banking relationship.
- Entrepreneurs and business executives may appreciate 30-45 minute phone interviews that don't require them to leave their offices.
- When interaction between customers would yield a greater understanding of their needs, the qualitative research is conducted among a group of 7-10 participants or smaller mini-groups of 4-6 participants.

All qualitative research can be recorded or videotaped to preserve the customer's exact words, but regardless of approach the goal remains the same: truly capturing the Voice of the Customer.

Put the Results of Research to Work

The results of Qualitative Research can be leveraged throughout the organization. Once you have captured the true Voice of the Customer you can use it to:

Build more effective customer/prospect communication: Understanding your customers' language enables your advertising agency to develop ads that reflect the emotions, desires, and experiences of your customers. Your marketing and communications people can use real customer language in marketing materials, on your website, and in direct mail and public relations communications.

Strengthen employees' understanding of customers' perceptions and needs: Organization-wide dissemination of research results – through video excerpts, for example – enables the entire organization to understand how customers feel. Testimonials often emerge from qualitative research that can be used internally to show employees how customers describe the 'ideal banking experience' or 'worst banking experience,' and what they expect and how they feel when their bank falls short in any area. This is particularly valuable for employees who aren't on the front line and who may not understand how problems in their business sub-process really affect the customer.

Generate opportunities for improvement: With greater understanding of your customers, you can uncover problems, such as ineffective distribution channel processes. You can more readily identify unmet needs, leading to new product ideas. You can better understand your brand image and how you are perceived versus your competitors. And you can uncover hidden strengths and spread them more widely in the organization.

Develop an effective measurement tool for prioritizing customer needs: With your new-found understanding of your customers you have the basis for designing a far more penetrating quantitative customer survey that will enable you to prioritize customer needs accurately.

Case Study

Truly Capturing the Voice of the Customer

Consider the outcome for a bank that re-engaged its customers in the service improvement process through better listening. After years of tracking customer satisfaction a bank was perplexed by its lack of progress in achieving its performance goals. We suspected a probable disconnect between what the bank was measuring and what truly was driving customer satisfaction. The bank's program lacked detailed and actionable definitions of these critical customer requirements. Comprehensive qualitative research was conducted among targeted customer segments in the bank's market areas. The research included both focus group and in-depth approaches. Additionally, non-customer qualitative research provided a framework for understanding competitive dynamics.

A pattern emerged: Competitors had raised the bar, creating very specific expectations for access to faster, more convenient and flexible (individualized) service at every point of contact.

For example, in applying for a loan, customers defined 'fast' loan approval as an answer 'within one hour.' Customers also expected to be able to apply by phone, online, or in person with minimal paperwork. The bank's target approval time was set at 24 hours, a substantial gap from customer expectations.

Another discovery related to customer problems. The bank wanted to reduce problem incidence to less than 8%. Despite the bank's achieving that goal, overall satisfaction did not improve. To customers, the issue was not so much the problem as it was how problems were handled once reported to the bank. Most customers said they did not expect to avoid problems but that they did expect the bank to resolve them quickly (the same day), efficiently (one contact), and in a way that showed that the bank cared about their relationship (follow up the day after resolution, extra benefits if the problem was the bank's fault).

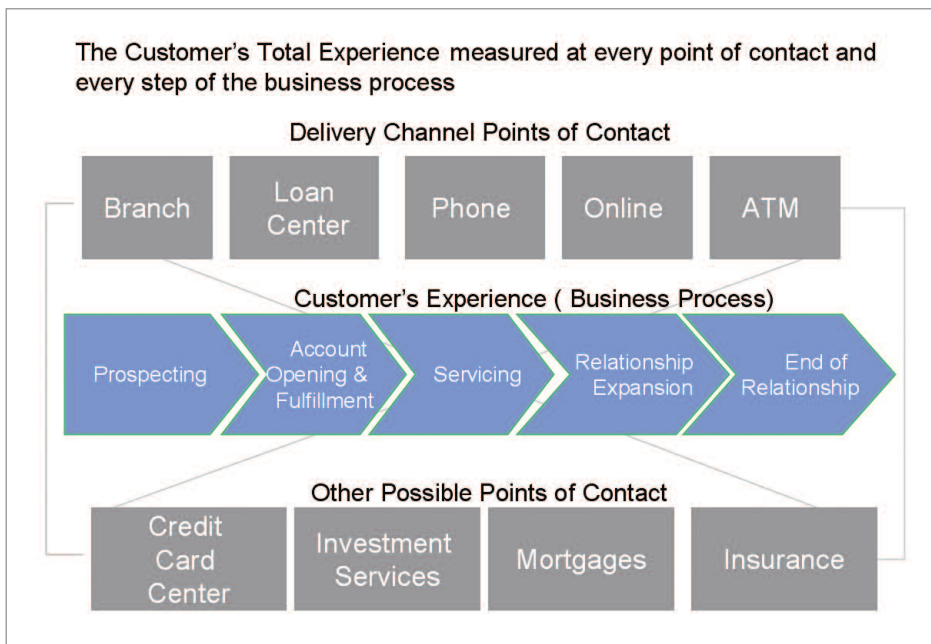
Online banking had also created new expectations, and large gaps existed between these customer desires in online banking and the bank's service. Customers said they wanted to be able to do 'everything online they could do in a branch.' 'Everything' meant opening accounts, applying for loans, reporting a problem, seeing their entire relationship online, communicating with their banker, accessing the bank's phone directory, learning about new products, and paying bills quickly and easily.

The results of this qualitative phase were dramatic and drove implementation of a quantitative phase to identify and refine critical performance metrics.

Quantifying the Results

The second phase of the VOC process, treated in the second in this series of Executive Briefings, encompasses quantifying the results of the qualitative phase. Such quantification enables you to answer these important questions:

- What are the specific metrics that must be tracked over time?
- What specific performance improvements are required to achieve satisfaction goals?
- What people, process, and policy issues must be addressed?
- If we meet these customer expectations consistently, what will the financial impact be on our revenues, market share, and profitability?



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