

Voice of Customer 2.0: Social, Agile and Integrated

Bob Thompson
CEO, CustomerThink Corp.
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Executive Summary

Not very long ago, social media was viewed as a fun way to keep in touch with friends and family. Many business leaders considered it a time-waster best reserved for kids.

How times have changed. With incidents like [United Breaks Guitars](#) now commonplace, it's painfully clear that social word-of-mouth has tremendous consequences when brands fumble a customer encounter. Of course, there's upside too. Social media is a veritable goldmine of insights that can help a company innovate and improve its competitive position.

Participating in social media—via online communities, blogging and networking sites—is now thought of much like the Internet a decade ago. A company is conspicuous in its absence of a social media plan, especially if it sells to consumers.

So, where to start? Well, marketing is one obvious application for social media, to amplify communications and to gain insight. Customer service is another key application. With Comcast and JetBlue leading the way, customers increasingly expect that complaints aired on Twitter should be handled promptly by company representatives.

This paper will provide a perspective on the growth of social interactions with businesses, Voice of Customer pitfalls and the role of sentiment analysis to mine insight from unstructured data.

The main point, however, is that the age of Social Customers means that it's time to rethink Voice of Customer (VoC) programs in three key ways.

- ◆ First, social media is an important new source of feedback, not only from customers, but also from market influencers. Use it!
- ◆ Second, enterprises must capitalize on dynamic unstructured and unsolicited feedback to spot emerging trends and flashpoints before they turn into a public relations nightmare.
- ◆ Third, and most important, executives must translate insight into action. And that requires deep integration into existing customer support processes.

The age of Social Customer is here. Are you ready to engage?

Social Interactions Growing

According to a March 2009 Nielsen report, two-thirds of the world’s Internet population visit social networking or blogging sites. Facebook, Twitter and LinkedIn are widely viewed as the “Big 3” of social networks, and are used for both business and personal use.

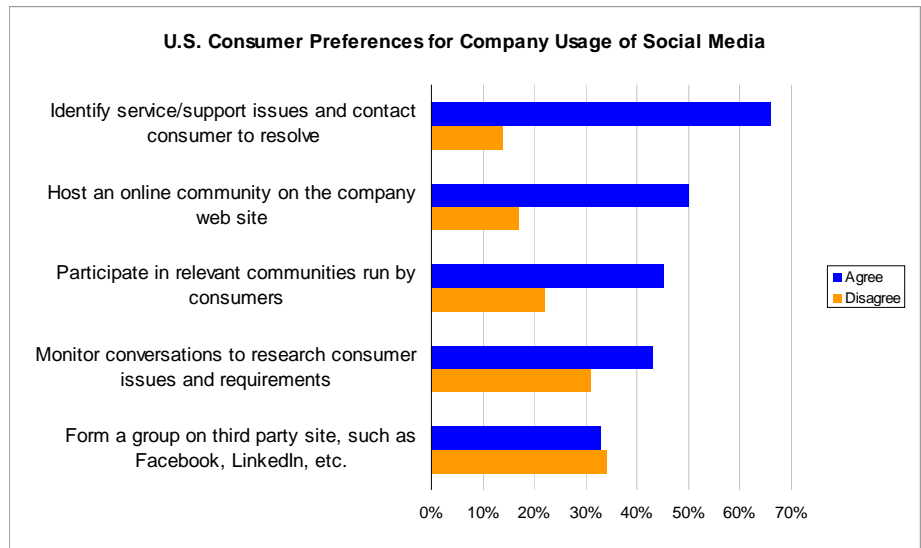
In CustomerThink’s June 2009 survey, nearly 70 percent of U.S. consumers said they frequently exchange messages with friends or colleagues and more than half frequently view social content. About one in three contributed new content at least weekly through new posts, comments and links. While not every consumer is using social media, the trend is clear and companies must take note.

Happy consumers can create a groundswell of support (think free marketing), which has helped lift online retailer Zappos to \$1 billion in annual sales in just a few years. Or, a few mistreated consumers can cause tremendous damage to brands (think “Dell hell”) by blogging or posting a video on YouTube.

Fortunately, as we learned in CustomerThink’s 2009 survey of business managers, one in four state that their organizations are already using both external social media and company-run communities. Another 20-25 percent plan to implement within the next year. So roughly half of businesses are participating in the Social Economy now, or will soon.

Not surprisingly, marketing is one key area of interest. Based on our survey, around 70 percent of managers believe that external social media can provide better marketing or customer insight, or help them influence prospective buyers.

But consumers have different priorities. About two-thirds of U.S. consumers believe that companies should ramp up social media usage to “identify service/support issues and contact consumer to resolve.” If a customer expresses a problem on Twitter, Facebook or company community, consumers generally welcome a company representative reaching out to help.



As you can see from the chart, there is also strong support for companies hosting an online community and participating in consumer-run communities. Monitoring conversations and forming groups on external social media sites got more of a mixed reaction. Write-in comments from our survey indicated support for companies joining the conversation to add value.

Voice of Customer Pitfalls

It's now commonplace for companies to ask for customer feedback by email, phone or even the mail. But multi-channel feedback is just one factor to consider. CustomerThink research has identified the following five major pitfalls to VoC success

1. Lack of executive support to drive change

Being customer-centric is easy to say but hard to do without executive leadership. For example, despite proclamations of being “customer-driven,” a large software company found itself out of touch with consumers who felt the vendor pushed the technology and didn't pay enough attention to implementation and ease-of-use issues. A comprehensive VoC program identified the issues but what really mattered was the CEO driving action. The key to their success, according to the VoC program leader, was that top executives “believe with heart and soul in the importance of a VoC program and then drive real cultural change.”

2. Garbage in, garbage out

With VoC programs, you're collecting customer feedback (input) so you can get insights to act upon (output). If you ask customers the wrong questions, that's just garbage in. Furthermore, if your VoC program is built on faulty logic about what really impacts customer loyalty, you'll waste time and money making changes that don't matter, or actually make things worse. For instance, a worldwide restaurant chain found that while good food was essential, the key differentiator was in fact the “hospitality” of team members. This insight helped the chain make better hiring decisions and invest in training that would improve brand reputation.

3. Employees aren't motivated to be customer-focused

Employees are people and tend to do things in their own self interests. So it shouldn't come as a shock if rewards to decrease “average handle time”—a measure of efficiency—motivate call center agents to rush to get customers off the phone. Sadly, these tactics usually don't save money, because the customer calls back or uses other support channels. Take a tip from Zappos, a popular retailer founded 10 years ago as an online shoe store. In the Zappos call center, “customer loyalty representatives” are measured on first call resolution, and rewarded for the *quality* of conversations, not speed.

4. Listening with only one ear

Analyzing only quantitative feedback from customers is like listening with one “ear.” The other ear should be used to understand customers through the unstructured, and often unsolicited, feedback they provide. To start, text analytics can help listen to customers via their written comments on surveys. But many other sources can provide unsolicited feedback, such as web site forms, email messages, chat messages and call center agent logs. One U.S. airline was able to tie comments to a specific aircraft or even a seat number to help find and fix problems that had a direct impact on the customer experience.

5. Ignoring social voices

Consumer usage of social media has exploded in recent years, including blogs, review sites, Facebook and more recently, Twitter. There are now lots of options to rave about great experiences or vent about bad ones. It's true that social media is a chaotic and noisy world where it can be challenging to “separate the wheat from the chaff.” Plus, how do you know that the complainers are really your customers? Despite these challenges, you can't afford to turn a deaf ear to social voices. We'll dig deeper into social feedback later in this paper.

Fuzzy Insight from Sentiment Analysis

For those not familiar with the term, “sentiment analysis” means the use of text mining/analytics to help determine whether written text has a positive or negative tone (hence, sentiment) and in many cases also provides insight into *why* the writer was happy or mad.

Text mining has a long history and lot of complicated algorithms at the core, but in recent years the explosion of social media has ramped up interest. The massive amount of content generated by users on Twitter, blogs, forums, etc. is an excellent opportunity to gain insight, improve the user experience and spot developing problems before they show up on CNN!

As the term suggest, text mining is the discovery of information by analyzing natural language text. Contrast with data mining, which extracts information from structured databases. There are two approaches to text mining: linguistic and statistical.

- ◆ The linguistic approach involves identifying elements of language and structures that relate them to each other. Those elements are the keys to meaning. This is much like parsing or diagramming a sentence to identify parts of speech. If you have an adjective, for example, what noun does it modify?

You don't need human intervention to train a classifier, but you do want to identify parts of speech (which is done easily with a conveniently packaged list known as a “dictionary”); words that are commonly used by people who are angry (which can come from a dictionary or thesaurus); and information about sentence structure (if you have two nouns, which is the subject and which is the object? Did John throw the ball or did the ball throw John?).

- ◆ In the statistical approach, words and phrases are treated as abstract objects. You use purely their mathematical relationship to each other. This approach most often involves machine-learning. Is your customer angry? Is he pleased? Is another customer talking about your latest product? Using a sample of the text and assignments in a number of categories, the computer scans them for common elements.

The machine learns by example based on training data assigned by human beings. If a business receives 100,000 emails a day, you would take a small sample—say, 500 to 2,000 emails—and manually classify them. Then the computer would scan the sample to identify relationships in the text that hold clues for whether a particular email may be from a happy or unhappy customer. People using obscene language tend to be unhappy, so simply scanning for profanity in your sample can distinguish email from irate customers.

But it is important to note that text mining is not an exact science. Well-trained people might achieve a 90 percent success rate in categorizing text documents. Effective automated methods might hit 70 percent to 80 percent, but it all depends on the task, how the application is trained and tuned, and the methodology being used. Some text analysis problems are nearly impossible to solve, like understanding sarcasm and metaphors.

In short, you won't get the precision with unstructured information that you expect with real data, but text mining is the only effective way to deal with huge volumes of input from thousands to millions of consumers. Given the choice between fuzzy insight and no insight, most business leaders will choose the former.

Towards Voice of Customer 2.0

In 2007, CustomerThink research found that nearly 80 percent of respondents were conducting customer feedback surveys at least annually, up from 70 percent in 2004. That percentage has almost certainly increased since then. Generally consumer-focused companies conduct “transaction” surveys after an interaction, and periodic “relationship” surveys to assess customer satisfaction and loyalty.

The limitation of earlier VoC efforts is that they depended primarily on structured surveys delivered to known customers, with a set of predetermined questions. If an unhappy customer was not surveyed, or chose not to respond, input from social and other unsolicited sources is not used. The enterprise is thus not prepared to handle a dynamic competitive environment where the specific issues are not known in advance, or can't be quickly added to a survey.

Also, acting on feedback, whether structured or unstructured, is often not tightly integrated into core enterprise processes such as customer support. This creates inefficiencies and potential for issues not being handled promptly before they escalate via social word-of-mouth.

Therefore, today's social customer, along with our fast-moving competitive world, demand more of a real-time approach. Voice of Customer 2.0 has three defining characteristics:

- ◆ **Social:** Feedback is mined from customers and influencers on the Social Web, and used to quickly surface issues needing attention.

For example, Twitter is becoming a common channel for consumers to voice their complaints about poor service experiences. Using the Twitter API, enterprise applications can search on brand or product names to capture tweets for analysis. Using sentiment analysis, negative tweets can be identified for priority handling by customer service reps.

- ◆ **Agile:** Unstructured feedback is analyzed to gain insights long before a new survey can be designed with structured questions.

Continuing the previous example, text mining can be used to “drill down” on social content to identify the specific issue causing the negative sentiment. This intelligence then becomes part of the knowledge gained, without any survey being designed or launched.

- ◆ **Integrated:** Issues are passed directly into existing enterprise processes to ensure prompt and efficient action.

Contact center agents should have critical tweet incidents automatically placed in their service incident queue. Granted, the individual may not be identified as a customer just yet, but does that really matter? The agent can take action by tweeting back to the user with a potential solution, using the Twitter API. Or attempt to bring the user into the company's formal support processes, using more traditional chat, email or phone communication channels.

Voice of Customer 2.0 is a term to indicate an evolution of existing VoC efforts to respond to the Social Customer and take advantage of new technology and integration techniques. Don't forget to also avoid the common VoC pitfalls mentioned earlier!

Best wishes in taking the next steps to listen to your customers on the Social Web and quickly drive that insight into action to improve the customer experience.

About This White Paper

About the Author—Bob Thompson, CustomerThink Corp.



Bob Thompson is CEO of CustomerThink Corp., an independent firm specializing in customer-centric business management. He is also founder of CustomerThink.com, the world's largest online community dedicated to helping business leaders improve customer-centric business strategies.

Since 1998, Thompson has researched the leading industry trends, including partner relationship management, customer value networks, customer experience management and social business. In January 2000, he launched CRMGuru.com (renamed CustomerThink.com in 2007), which now serves 200,000 business leaders monthly through its web site and email newsletters.

Thompson is a popular keynote speaker at conferences worldwide and has written numerous articles, reports and papers, including *Five Warning Signs for Danger on Your Customer-Centric Journey*. Before starting CustomerThink, he had 15 years of experience in the IT industry, including positions as business unit executive and IT strategy consultant at IBM. For more information, visit www.customerthink.com or contact Thompson at bob@customerthink.com.

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