As customers increasingly use new technology tools and interaction channels to engage businesses (and one another), the role of Voice of the Customer (VoC) programs has elevated to new heights. This report will address how increasing customer touch-points result in ever-growing volumes of feedback and operational data for businesses, and how this data is best put into action.
"The role of VoC has elevated to new heights as customers empower themselves with new technology tools and interaction channels."

For the purposes of this research, Aberdeen makes the following definitions:

**Big data**: A large, complex set of structured and unstructured data that is difficult to manage with traditional data management and analysis tools.

**Structured data** refers to information stored in a consistent, repeatable data model. The most common form is data stored in rows and columns in a database, with a methodology defining how each element relates to the others.

**Unstructured data** refers to data stored in files, documents, presentations, spreadsheets, web pages, email messages, instant messages, social media posts, images, audio files, video files, etc. While each of these formats do indeed have “structure,” conventional use of the term unstructured data is intended to distinguish from data stored in *structured* formats (e.g., in databases).

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The Business Value of VoC Programs

Findings from Aberdeen’s March 2014 *State of the CEM Market 2014: It’s All About Better Use of Customer Data* study revealed that 99% of companies use two or more channels to listen to and engage their customers. This signals that adopting a multi-channel customer engagement strategy is no longer just an option for businesses. As enterprises deploy more touch-points to capture customer feedback and interact with clients, this gives rise to rapid growth in the volume of structured and unstructured customer data – a trend termed “big data” (see sidebar on next page). Some of this data is related to customer sentiment and feedback regarding client experiences in engaging with the business, and can provide crucial insights for the business leaders held accountable for customer retention.

Companies use VoC programs to capture such feedback and sentiment data, and address them through personalized, timely interactions. Figure 1, on page 2, illustrates the year-over-year performance gains VoC program users enjoy, compared to nonusers.
As depicted above, establishing a VoC program to leverage customer feedback and sentiment data as part of customer experience management (CEM) activities helps companies excel in a number of areas: delighting clients, improving operational efficiencies, and driving financial gains through reduced costs and increased revenue.

Specifically, while VoC users enjoy an 11.7% year-over-year improvement (decrease) in average response time to their customers’ requests, companies without this strategy see merely a 5.7% annual improvement. Improvement in this metric is crucial, as it reflects organizational efficiency in handling customer needs promptly.

As a result of their success in being more responsive to client needs, VoC users enjoy 3-times greater (6.0% vs. 2.0%) year-over-year improvement in Net Promoter Score (NPS), compared to
other businesses. (NPS is a measure that indicates overall customer willingness to have repeat interactions with a business.)

What are the end results of these gains? VoC users decrease their customer care costs by 6.3% year-over-year, whereas their peers experience a 2.0% annual increase in this cost. Furthermore, companies with VoC activities improve their annual revenue by 10.9% year-over-year. Combined, these two margin-improving trends present a powerful argument for deploying and monetizing VoC solutions.

It’s important to note that simply adopting a VoC program doesn’t drive the above-mentioned results overnight. Companies face a series of roadblocks that impact their ability to successfully execute on their VoC activities.

**Challenges Hindering VoC Program Execution**

Table 1, on page 5, shows that businesses are challenged with a series of pressures that impact their VoC activities. It’s a daunting task to remain abreast of all the portals customers use to self-educate and share information. The top challenge VoC users need to address is this change in customer behavior, where clients today are empowered to access a wealth of information available across various social media portals and user groups. The resulting insights gathered through this process ultimately impact the customer behavior (purchase and loyalty decisions).
Table I: VoC Practitioners are Challenged with Changes in Customer Behavior

<table>
<thead>
<tr>
<th>Top Pressures Impacting VoC Programs (n=226)</th>
<th>Companies with VoC Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers have easier access to a wealth of information on many competitive products / services</td>
<td>49%</td>
</tr>
<tr>
<td>Customers expect similar (consistent) experience across multiple touch-points</td>
<td>33%</td>
</tr>
<tr>
<td>Customers expect faster issue resolution, whether through self-service or through an agent</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, March 2014

VoC program users are also challenged with ensuring consistency in customer interactions across different channels. In the omni-channel customer interaction era, ensuring consistency of activities and messages across each customer touch-point is critical (see related research in Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience). Companies challenged with establishing consistency in their client interactions are also charged with delivering seamless service across different touch-points, which, if not executed well, could ultimately lead to delays in issue resolution times and create unhappy customers. This impact on customer satisfaction is resulting from confusions caused by receiving conflicting messages from the same business across multiple touch-points.

Despite these challenges, our research shows that there is a leading group of organizations (the Best-in-Class – see sidebar) that enjoy superior performance through use of VoC programs.

**Picture of Success in VoC: A Look at the Best-in-Class**

Aberdeen used four key performance indicators (KPIs) to determine organizational success in utilizing VoC programs effectively. These KPIs indicate operational efficiency in using

The Aberdeen maturity class is comprised of three groups of survey respondents. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- **Best-in-Class**: top 20% of aggregate performance scorers
- **Industry Average**: middle 50% of aggregate performance scorers
- **Laggards**: bottom 30% of aggregate performance scorers

Sometimes, we look at the combined performance of Industry Average and Laggards, and we call this performance cohort **All Others**
Voice of the Customer: Big Data as a Strategic Advantage

customer feedback to address client issues, and leveraging these insights to drive incremental revenue for the business. Table 2, below, illustrates Best-in-Class performance across these key measures.

Table 2: Best-in-Class Enjoy Far Superior Results through Better Execution of VoC Programs

<table>
<thead>
<tr>
<th>Performance Results (n=226)</th>
<th>Best-in-Class</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer retention rate</td>
<td>89%</td>
<td>76%</td>
</tr>
<tr>
<td>Year-over-year change in annual company revenue</td>
<td>24.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Year-over-year change in customer satisfaction</td>
<td>22.5%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Year-over-year improvement in (reduction of) average response time to customer requests</td>
<td>29.1%</td>
<td>-5.0%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, March 2014

As depicted above, there is a substantial difference between the performance of the Best-in-Class versus All Others. The top performers enjoy almost 10-times greater year-over-year increase in customer satisfaction rates, compared to All Others.

Now, let’s observe the building blocks that enable Best-in-Class firms to realize these results.

Key Activities to Achieve Success in VoC

Research shows that there are three main pillars (all of which are interconnected) that help the Best-in-Class maximize their performance through VoC programs:

- Data Management
- VoC Process Execution
- Customer-centricity

“The VoC data indicated areas of opportunities and challenged us to bring client needs and wants to light in a more meaningful way. The data drove the creation of standards and now the standards will drive our culture as we incorporate them into employee training activities. The five universal client service standards will be incorporated into training and development modules firm-wide, beginning in June 2014.”

~ Chad Person, Director of Marketing, Clark Shaefer Hackett & Co
We’ll drill-down into each of these pillars within this section. Figure 2, below, shows the activities Best-in-Class firms employ to optimize how they capture and manage customer data.

**Figure 2: First Things First: Manage VoC Data Better**

As noted earlier, deploying a multi-channel customer engagement strategy is no longer a “nice-to-have” for businesses. However, with more channels comes more data in different forms; structured and unstructured (see sidebar on page 2). This results in challenges when integrating data captured across different channels. The Best-in-Class are 45% more likely (68% vs. 47%) than All Others to standardize customer data across the organization to overcome this challenge. This means that when they capture structured data, it’s captured in a form compliant with the data management policies. When they capture unstructured data, they use data quality and integration tools to mash unstructured data with structured data while ensuring that they apply the organizational standards for data management. This is a process where involvement of the IT team is critical early on to ensure
that data capture and integration activities work seamlessly across back-end systems, such as customer feedback management, customer relationship management (CRM) and speech analytics.

Once the Best-in-Class optimize their data capture and integration activities, they go the distance to ensure it is used to better serve clients. To this point, they are 25% more likely than All Others (89% vs. 71%) to use business intelligence (BI) tools to segment customer feedback data to prioritize customer issues through VoC. For example, they can drill-down into the customers with negative feedback captured through an online survey and quickly engage with these clients to address their issues or concerns.

Figure 3, on page 9, illustrates several additional activities by which the Best-in-Class apply data as a strategic lever within their VoC programs. The top performers are 92% more likely (50% vs. 26%) to regularly analyze customer interaction history in order to determine any trends or correlations that influence changes in client behavior or feedback. This activity is executed through BI tools. It ultimately helps firms understand how each customer engagement activity impacts overall sentiment and client behavior by mapping feedback and sentiment data to operational activities, such as website visits and product / service purchases.

Best-in-Class are 25% more likely (89% vs. 71%) than All Others to use business intelligence tools to segment customer feedback data to prioritize customer issues through VoC.
As part of their efforts to regularly analyze historical interactions, Best-in-Class are also 52% more likely (73% vs. 48%) than All Others to have established KPIs to assess customer interaction results. This helps them better execute the activity of analyzing the interaction data of loyal customers and determine which activities yield client loyalty. Another benefit of establishing KPIs indicative of success is helping companies focus on the metrics that are most relevant for the business to assess performance, rather than relying on general benchmark metrics that may only reflect success for other organizations with different dynamics.

Aberdeen’s *State of the CEM Market 2014: It’s All About Better Use of Customer Data* study reveals that 70% of organizations currently use social media as part of their CEM channel-mix. When it comes to VoC programs, there are two primary approaches businesses take in incorporating social media within
their VoC activities: reactive and proactive. Companies following a reactive social VoC strategy monitor customer-generated content across numerous social media portals, and use these insights as part of their internal business planning and execution activities. Insights captured through social media help firms understand buyer preferences on products/services, and help design client-centric offers that meet the evolving needs of empowered customers.

Those that follow a proactive approach, on the other hand, go beyond solely monitoring customer-generated content by responding to clients. The Best-in-Class are far more likely (57% vs. 20%) to drill down on customer-driven social media content to analyze sentiment and feedback data, and use it to determine social media conversations they need to respond to. (There are numerous factors that govern how companies should interact with customers through social media while remaining compliant with regulations such as PCI-DSS and HIPAA. Please read Aberdeen’s Social Customer Care: Secrets to Building a Winning Strategy study to learn best practices in delivering customer support through social media.)

Figure 4, on page 11, illustrates the key activities Best-in-Class put in place to support the last building block of their VoC programs: customer-centricity.
Historically, customers were too often viewed as a one-time buyer of a product or service, with minimal value beyond the initial purchase. Hence, the notion of “yesterday you were a prospect, but today you’re just a customer.” In the era of the empowered customer, however, this mantra is a recipe for failure. It is imperative that customers be viewed as lifelong partners with the organization. Their opinion must not only be heard, but used to continuously improve the goods and services provided to them. The Best-in-Class are 46% more likely (67% vs. 46%) than All Others to encourage customers to share feedback across touch points, and 35% more likely (64% vs. 46%) to encourage brand advocacy from these loyal partners. Happy customers not only spend more with the company, but they have the additional benefit of referring new customers to the business.

Finally, to ensure customers remain happy, the Best-in-Class use VoC data to continuously improve the products and services being made to fulfill and exceed customer needs – both current
and future. This loop, from feedback, to re-design, to additional feedback, highlights the partnership with the customer, while having the added benefit of achieving satisfied and profitable advocates.

Recommendations

The customer’s voice now resonates well above a whisper, and must be valued by the selling organization. In order to maximize the value of the interaction with customers, companies should follow the best practices outlined below:

- **Encourage interaction with the customer.** Customers have a wealth of insight and knowledge: they should be encouraged to engage across multiple touch points to provide feedback on how the organization is performing when it comes to meeting their needs.

- **Make sure customer feedback data is standardized, whether structured or unstructured.** With the proliferation of channels of interaction, companies must be able to not only capture customer insights from across the organization, but make this data actionable. Use of analytical tools, such as business intelligence, helps companies analyze VoC data and empower employees with key insights needed to delight customers.

- **Gain visibility into the customer as an individual, not just a dollar sign.** Building customer profiles to understand trends of behavior is important in order to create more personalized messaging and move beyond “one-size fits all” products and services.

- **Learn from customer feedback and use this insight to innovate.** Customers are often willing to provide their feedback, but if they do not see that this insight is used to
improve their experience, they will potentially find a new provider. Feedback must be used to improve and not just to check off a box in regard to customer sentiment scores.

For more information on VoC, CEM or other related research topics, please visit http://aberdeen.com/_abercenter/CMAV/practice.aspx.

Related Research

- State of the CEM Market 2014: It’s All About Better Use of Customer Data; March 2014
- Optimizing the Self-Service Experience: Helps Customers Help Themselves; February 2014
- Integrated Service Management: Connecting the Contact Center with Field Service for Improved Resolution; February 2014
- Mobile Customer Care: It’s More than Hype; February 2014
- Omni-Channel Customer Care: Empowered Customers Demand a Seamless Experience; October 2013
- Social Customer Care: Secrets to Building a Winning Strategy; August 2013
- Bringing Customer Service into Marketing: Empowered Customers Make Service Excellence an Imperative; July 2013
- CEM in Financial Services: Secrets to Improve Client Value; July 2013
- Real-time Unified Customer Engagement: How to Delight Empowered Customers; June 2013
- The Rising Financial Impact of Customer Service; March 2013

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About Aberdeen Group

Aberdeen Group conducts research focused on helping business leaders across sixteen different B2B technology disciplines improve their performance.

Our process is simple – we conduct thousands of surveys every year to identify top performing organizations and uncover what makes them different. We share these insights back with the market in the form of in-depth research reports and content assets to help our readers build business plans capable of driving better results with the right set of tools to help them get there.

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