Prevent fires and flourish

Nurturing a customer-centric culture by ‘closing the loop’
Differentiating your brand means delivering on that quest for positive and memorable experiences, whether that is in a product or a service or even in the resolution of an issue. Success comes from understanding customer needs and exceeding their expectations in the moments that matter.

The customer perspective is indispensable for true customer centricity. With today’s technology we can collect customer feedback at relevant touchpoints and channels and after each customer interaction.

In a constantly—and sometimes very abruptly—changing world, one thing remains clear under all circumstances: Identifying and responding to customer needs is synonymous with business success.

Whether during thriving periods, calmer times or even a crisis, customers want to be delighted.

‘Closing the loop’ in its essence means capturing customer feedback and getting back to the customer with tangible actions and improvements to enhance the customer experience demonstrating you value their feedback.

Active listening helps to understand customer expectations but acting on customer feedback is essential to make a change and become truly customer-centric.

In a broader sense it means orienting the organisation around the customer. It requires and nurtures a culture that engages and empowers everyone in the organisation to resolve issues that matter to the customer. It also leverages continuous organisational learning and improvement. Getting in touch with the customer not only resolves a possible customer issue, but also helps the employee and the organisation to gain knowledge about the customer needs and expectations, in turn benefiting the customer.

But capturing customer feedback is not enough, closing the loop with your customers is key.

| 5.7 times more likely to recommend a brand | 4.5 times more likely to buy additional products or services from the brand | 9 out of 10 customers say they will continue to use the brand in the future |

(Source: CX+ 2020, global results/grocery retail, Kantar)
The returns from closing the loop with customers are high, the consequences of not doing so can be even hazardous to the business. Responding and learning from feedback benefits the customer and the organisation, but not reacting to customer feedback can frustrate customers, possibly leading to negative customer behaviour (like negative word of mouth with friends or colleagues or on social media and in the worst case followed by customer churn) – especially when the customer has previously raised an issue.

Think of a customer issue as a small starting fire that can put your organisation at risk. As what happens with actual fires, they need immediate attention.

‘Fire extinction’

Active customer care, also commonly called the ‘inner loop’, typically looks at extinguishing those starting fires by dedicating special attention to customers who have encountered an issue or who are simply not pleased with their customer experience.

Once this feedback is identified the customer is quickly contacted to understand and solve the possible issue. A follow-up with the customer ensures the fire has been really extinguished.

We helped an automotive company to successfully implement customer issue resolutions into their car dealers’ everyday business.

An analysis of the existing customer data proved this to be important for continuous business success as we found that customers who are not pleased with the customer experience at their car dealer’s workshop have a lower probability of returning to the same workshop.

We set up a comprehensive Voice of the Customer programme with over two million interviews a year across different markets asking customers to rate their customer experience after a visit at the car dealer’s workshop.

Over 50,000 car dealers got access to the information from the programme through an online feedback management software that provided them with easy to access dashboards, text analytics and employee-based results.

They were encouraged to effectively prevent service failures through a proactive dialogue with customers. An early warning system enabled issues to be quickly identified and where possible fixed. Customers were contacted within 48h to prevent irritated customers from churning or spreading negative word of mouth.

A follow-up with the customer to ensure the issue was solved where possible, led to the customer eventually having a high-quality customer experience and returning to the workshop for future service needs.
A truck manufacturer was striving to live up to their brand promise to constantly deliver quality in their customer services and be a trusted partner to their clients.

We designed a real-time customer feedback programme covering important touchpoints along the customer journey and implemented a leading CX management platform to enable acting quickly on their customers’ feedback as a part of their truck workshops’ service.

In a number of closed loop conversations with customers the truck dealers found that there were a lot of concerns with repairs not being covered under warranty.

Following a detailed root cause analysis, the company responded with more and improved communication with customers on warranty coverage prior to repairs, and dedicated sales team trainings to improve warranty knowledge.

Another issue that was found was that customers were concerned that they were unable to connect with the service department at key times during the day.

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“We are able to retain customers because we are able to understand their needs and make it better.”

Service Manager
Importantly, the inner and outer loop rely on each other, if one fails, they both will. If the inner loop stops there is no feedback providing the basis for the outer loop. If the outer loop stops, employees will lose faith that the organisation is committed to tackling the big customer issues and will likely avoid engaging with their customers.

‘Flourish’

But a closed loop system is about much more than just fire prevention and extinction. It is about creating a customer-centric mind set, nurturing a culture which continuously embraces customer driven change nourished by customer feedback.

Putting the customer at the heart of the organisation is not only about resolving or preventing customer issues. It is about helping the organisation to flourish.

Favourable customer behaviour

Giving customers a voice in the organisation and acting on it builds customer trust, limits negative word of mouth and leverages promoters. The business profits from less churn, higher repurchases, increased spent and attracting new customers.

Enhanced employee experience

Enhanced learning processes, employee empowerment and customer loyalty ownership build employee skills and confidence and increase the employee experience. Teams have a chance to be able to solve issues, a highly motivational lift.

Driving innovation

Circling back with the customer also helps to understand customer needs for new products or services. Innovation and adaption based on customer requirements is a way for your organisation to blossom by delighting your customers.

Power of positive customer feedback

Importantly, it is not only negative customer feedback that helps the organisation to bloom. Positive customer feedback can:

- help understand what is done correctly and confirm existing or newly established processes
- serve as best practice examples helping teams and business units underperforming in their CX activities to see what good CX activities look like
- be used to share success stories within the company and praise employees and teams - further encouraging customer-centric behaviour
- identify customers that are open to be re-contacted for new offers and services leading to real customer ROI by increasing cross- and up-selling volumes

And even neutral feedback holds huge potential for the business. Understanding and acting to the needs of customers that are not enthusiastic about their experience can help to eventually grow them into promoters, accompanied by all the flourishing effects.

An international FMCG company that also provides customer services to their consumers, found that more than 60% of respondents of their customer feedback programme are promoters of their brand. This invaluable feedback was then distributed to the responsible teams and employees so that their achievements are acknowledged and celebrated, which accentuated and leveraged the customer-centric culture within the business.
“We respond to all feedback, negative or positive, in a timely manner, promoting our customers as advocates of our brand & business.”

Fixed Operations Manager
How to effectively close the loop

Effective closed loop systems are enabled by data collection with the right technology at the relevant touchpoints and customer interactions – but you will be challenged by a number of factors to successfully close the loop with your customers. Those challenges all come down to three major areas of your organisation: the people, the processes and the technology.

At Kantar we understand effective closed loop execution as a holistic system requiring thorough preparation in all three aspects. Here is why.

People

Your employees are the beating heart of a successful closed loop execution. Best in class customer programmes are achieved by developing a culture that enables everyone in the organisation to embrace a customer-centric mind-set and act along customer feedback.

Identification of all relevant CX stakeholders within the organisation, a clear definition of roles and accountabilities, the buy-in of all employees and getting everyone on board is vital. Employees need to be armed properly for successful execution, i.e. with role-based trainings, frequent and impactful communication that leverages a customer-centric culture and empowerment to take own decisions around the customer.

Processes and organisational framework

For people to be able to act, the right processes need to be in place, processes that allow the incorporation of the customer perspective into your organisational activities. An appropriate governance framework paves the way to long-term customer centricity and business success. This includes:

- the set-up of an organisational governance structure
- a clear definition of how roles and accountabilities apply in the inner and outer loop
- the estimation of customer feedback volumes
- the definition of targets to contact
- clarity of how to assess and use customer data

Technology

CX platforms are essential to gather customer feedback at relevant touchpoints and customer interactions but can and should be also configured to reflect the defined processes within the organisation. They help you share important customer insight throughout your organisation, making sure relevant information reaches the right person at the right time and according to their role and accountabilities.

Integration of different data sources, i.e. integrating the CX platform with other applications (like social media, CRM databases, etc.) and advanced analytics, give a holistic customer picture and are indispensable for a consistent customer experience delivery.
Are you ready to close the loop?

The basis for a successful closed loop execution lies in carefully preparing the organisation before programme roll-out.

Introducing a closed loop system means a real change in your organisational processes and mindset, it means aligning the whole organisation for customer centricity.

This requires thoughtful evaluation of the current situation and taking necessary actions for programme implementation. Setting up an effective closed loop system is a process with 4 stages:

1. Evaluation of what exists today in your organisation to help facilitate the closed loop programme
2. Definition of the closed loop framework and processes
3. Decision on operational specifics to deliver the expected performance
4. Implementation for roll-out

Once the closed loop system has been comprehensively set up and rolled out, the programme needs to be continuously managed and monitored on the general success of the programme and possible adaptions in all three areas:

**People**
- Is there further need to support customer-centric behaviours, e.g. by further skill building?

**Processes**
- Have the set processes proved to be feasible and successful?

**Technology**
- Are there technical changes required?

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Closed Loop programme stages

**EVALUATE**

Understand what exists today to help facilitate the closed loop programme.

Key activities include:
- Understand existing Voice of the Customer programmes
- Define stakeholders who need to be involved in the closed loop execution

**DEFINE**

Define what the future looks like and where gaps exist today.

Key activities include:
- Develop customer vision
- Determine the closed loop structure and approach
- Estimate closed loop volumes
- Determine intermediary engagement approach (where required)
- Identify barriers/ gaps within existing capabilities
- Assign stakeholders to role within the closed loop

**FINALISE**

With agreement on the process, what are the specifics to make it perform?

Key activities include:
- Confirm inner loop timings
- Agree operational and leadership governance structure
- Agree closed loop performance measurement approach
- Confirm route cause analysis and project definition approach

**IMPLEMENT**

How do we keep the organisation engaged and how do we roll this out?

Key activities include:
- Define next steps for implementation
- Determine training and skills building requirements
- Set up communication plan
- Translate requirements into technical specifications
Taking a closer look at a seemingly customer-oriented organisation

A B2C retailer had previously set up a Voice of the Customer programme to collect customer feedback on their needs and expectations. Branches had been provided with customer rules to make sure customers are pleased with the aim to achieve loyalty. The call center was given FTR (first time resolution) targets to ensure customers were quickly served. Despite the actions, the retailer could not reduce customer churn while customer feedback KPIs were constantly staying on the same level.

Together with the retailer we evaluated the current programme from start to finish. The analysis revealed the following reasons for unsolved customer concerns:

- Incentivised goals leading front line staff to KPI chasing and asking customers to give positive ratings rather than real issue resolution
- Strict adherence to rules and lack of empowerment to solve customer issues
- Unclear accountabilities for issue resolution and lack of alert settings in the CX platform
- Interactions on social media poorly tracked

Together with the client we decided to revamp the programme and comprehensively prepare the organisation for true customer centricity.

**Customer vision**

We developed a customer vision with key stakeholders within the organisation that defined the intended customer experience and translated this into experience principles and specific employee behaviours and interactions reflecting the brand values.

**Operational specifications**

We settled targets (i.e. which customers to contact) and volumes for closed loop conversations and set the inner loop timings.

**Technical implementation**

All process requirements were translated into technical specifications for coding and platform implementation. Our technical experts at Kantar:

- designed a series of dashboards (also available on an app) for different stakeholders
- implemented an alert rule and created pages to follow up on the progress and resolution of negative customer feedback
- integrated social media alerts to flag negative comments and enable immediate action

From company-centric to customer-centric

Setting up a closed loop system sometimes means taking a completely different perspective from an inside-out to an outside-in thinking, from a company perspective to a customer perspective. It can mean a significant change within the organisation and a continuous learning and improving process.

At a first glance this might seem overwhelming but setting up a closed loop system can be started with small steps and expanded gradually. E.g. you might want to first focus on a very specific customer segment to be contacted or only the biggest ‘starting fires’. Taking small steps towards customer-centricity is better than taking no actions at all.

In the long run the returns are worth the effort. Starting fires might always continue to come up, but with the right processes in place they will be quickly extinguished. Other fires will be effectively prevented from even starting. And eventually firefighting will become less of a task and your company will be able to start to flourish.
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About Kantar
Kantar is the world’s leading evidence-based insights and consulting company. We have a complete, unique and rounded understanding of how people think, feel and act; globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients understand people and inspire growth.

About CX+
Customer experience is everything these days. But are you exceeding or falling short of your customers’ expectations? Our CX+ programme shows you how to close the gap between your brand promise and customer experience. Discover what makes your experience unique, and how it helps deliver your brand promise. Find out more about CX+.

To find out more please contact global.cx@kantar.com or visit kantar.com.