HOW TO CLOSE THE CUSTOMER FEEDBACK LOOP

and open up the doors
to CX success

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When surveys show that customers' journeys aren't meeting expectations, companies need to take action.

Most organizations are "closing the loop" on feedback by following up with customers afterwards. Unfortunately, companies don't always see a positive financial impact from these actions.

What's the disconnect?

Closed loop is riddled with "best practice" misconceptions, leading companies astray as they work to define and execute their customer follow-up strategies. Read on to learn about the most common closed loop mistakes and how you can overcome them to achieve better financial outcomes.

1 MISSTEP

Closed loop is a best practice.

This is only half true. The process of closing a loop is not a best practice by itself – it's only a best practice if it's generating ROI for your company.

As a CX practitioner, you have access to plenty of valuable information on different closed loop approaches. Many of these resources, tools, and articles on best practices are from highly reputable sources, including HBR, Bain and CX industry analysts.

Having access to this information, combined with the fact that closed loop is a widely-discussed topic, is leading many CX practitioners to believe they should be implementing the process within their own programs.

Unfortunately, when they take this route, it quickly becomes about 'how' the closed loop process should work – the mechanics of it – rather than scrutinizing whether or not there's real financial value to the company to even adopt this process.

It would be akin to reading about an up-and-coming food trend and deciding to open a restaurant to capitalize on it, without actually looking at how financially lucrative it is. You could find the right location, source the freshest ingredients, and hire the best staff, but if you're spending more than you're making, it's all for nothing.

Companies who have reacted to the trend of closed loop – rather than assessing it from a financial perspective – are finding themselves in a similar situation.

The good news is that closing the loop after a survey can have a positive influence on brand impression.

According to our research, even though customers *say* closing the loop will make them more loyal, this isn't translating to dollars.

There are tons of data points showing that most VOC programs aren't seeing a real financial impact from closing the loop.

This disconnect illustrates the importance of not moving too quickly into designing and implementing closed loop, and instead scrutinizing the value of this process to determine if a potential for ROI even exists for your business.

Case Study

Where’s the ROI?

When we take over VOC programs from other vendors, one of the first things we look at is the historical financial success of their closed loop program. This helps determine where to make tweaks as we help them evolve their strategy.

One global communications company had designed triggers inside their survey to ID at-risk customers and implemented a system to follow up in an attempt to reduce churn. Their closed loop program did successfully reduce churn. In fact, when customers were successfully re-contacted, churn was cut in half.

However, the cost to reach out to those customers and remediate their issue ended up costing the company more money than these customers were actually worth.

How to avoid Misstep #1 and find ROI in your closed loop

1. **Align on measurable outcome goals.**

   When companies are asked about the purpose of their closed loop program, they often focus on qualitative reasons, such as being more customer-centric and helping customers feel heard – but these are not measurable goals; they're qualitative business statements. Instead, align on measurable outcome goals.

2. **Quantify all follow-up costs.**

   Get a clear understanding of the costs involved with your closed loop program, and how much you're paying for the required resources and remediation strategies.

3. **Build and socialize an ROI model.**

   Use your follow-up costs to build a financial model that helps you get buy-in from stakeholders in your company. When you present it in a way that highlights the potential ROI, it will be much easier to get everyone on board.

4. **Continually evaluate the financial impact of your program.**

   Validate your ROI quarterly, or at the very minimum, biannually – depending on your company's unique outcome goals and business model.

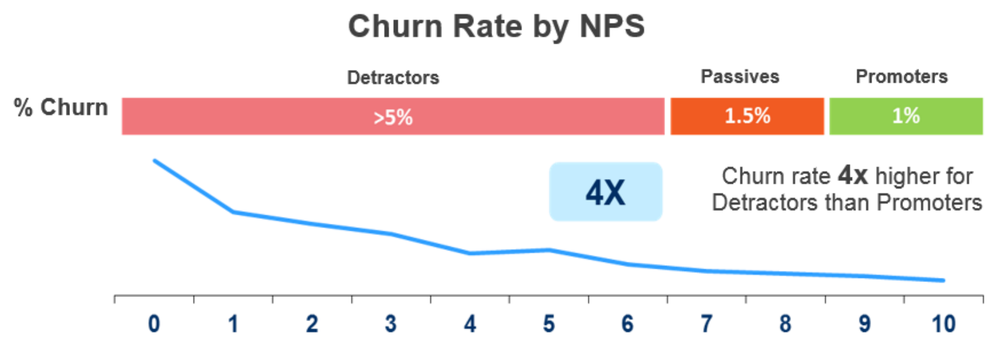
MISSTEP 2

Be selective with who you follow up with.

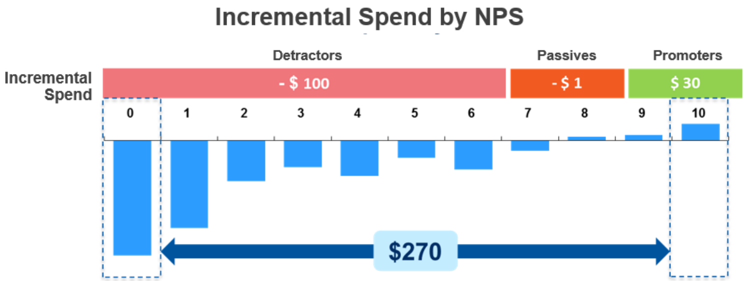
This section explores some mechanics of the closed loop process and shares the types of customers you should be spending the majority of your time (and resources) following up with.

There is a lot of debate around exactly who companies should be closing the loop with. For the most part, companies tend to follow up with detractors and other unsatisfied customers. This makes sense in theory – however when you dive a little deeper into the specifics of these segments, we start to uncover some valuable information: not all detractors are created equal.

Data from a global financial services company highlights that the more dissatisfied the customer is, the more likely they be to will churn. However, it also illustrates that the risk of churn looks significantly different between customers who give a zero or a one, versus if they give a six (even if they are all categorized as detractors).



A credit card company who looked at the difference in spending after 30 days showed similar data. They found that the average credit card spend was impacted negatively if the customer had a bad experience, but it revealed that the real financial risk is when customers gave a zero or a one.



What this data illustrates is that it's not detractors as a whole that negatively impact your organization, it's the ones who rate you the lowest of the low.

The key is to use data to determine your closed loop targets.

If you're approaching it with broad-brush rules like "follow up with detractors," there's a good chance your closed loop process won't yield any ROI.

Now that we've determined that the real risk lies at the bottom of the scale, it's worth taking your targeting one step further. It will help pinpoint the differences in customer behavior, even within your most vulnerable customers.

Targeting Consideration #1: Resolution Metrics

We tend to see that detractors whose issues aren't resolved are more likely to churn than customers who are just dissatisfied with an interaction. This is a good starting point when determining where to close the loop.

Targeting Consideration #2: Customer Value

Just because a customer gives a 0 or 1 rating doesn't mean you should follow up with them. This is where the communications company in our example got into trouble. You should understand how much it costs to "save" these customers, compare it to the value they hold to the company and then go from there.

How to avoid Misstep #2 and pinpoint which customers to close the loop with

A key component to a financially valuable closed loop program is figuring out exactly which customers to target. Here are three tips to help you ensure you're focusing your efforts on the right ones.

1. **Don't make broad assumptions.**
   Carefully consider exactly who to follow up with, then link survey feedback to behavioral data to guide your trigger design.

2. **Start with your most vulnerable customers.**
   Use this data-driven approach to focus on your most vulnerable customers, prove your ROI quickly, then expand in a way that proves you have created a self-funding closed loop program.

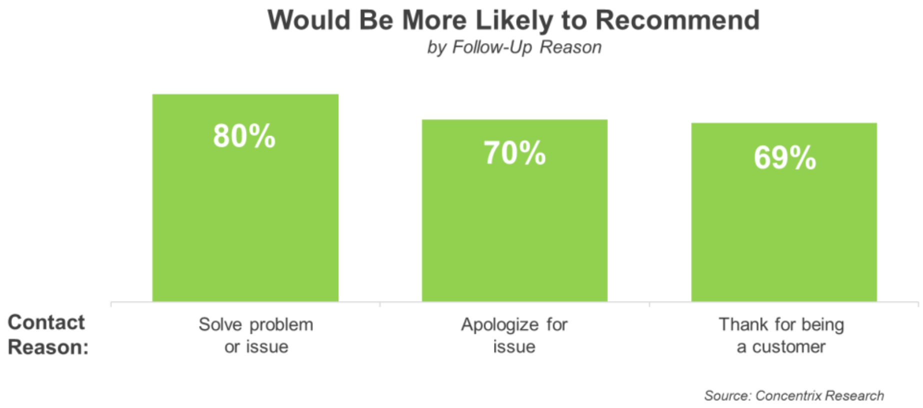
3. **Consider customer value.**
   As you expand into different segments and the customers you're going to follow up with, consider their value before you committing to any kind of remediation..

3 MISSTEP

Follow up only on issues you can resolve.

Companies tend to focus their closed loop follow-up efforts on only the issues they can fix. This isn't a bad strategy, but you may be missing out on a big opportunity if that's where you stop your communication with your customers.

Research shows that simple gestures, such as a “thank you” for being a loyal customer, or an apology if your company can’t fix an issue – still have their benefits. In other words, it’s worth following up even if you can’t resolve the customer’s issue.



Contacting a customer to apologize or say thank you can have a significant positive impact on their likelihood to recommend.

However, if you can't fix it – or if you simply want to thank your customer for their loyalty – consider a more automated, cost-effective approach. Like Concentrix, most survey technology has the ability to ID customers who meet certain criteria, then modify the survey based on the real-time data being received.

For example, if you have a customer who has expressed their loyalty to you in a survey they just completed, why not acknowledge them by automatically sending them a video thanking them for their loyalty? This option requires no additional resources.

A similar approach could be used with an upset customer who has an issue that can't be resolved. After they've completed an unfavorable survey, you could send a coupon and apologize for their experience. This may encourage them to give your company a second chance, and avoids a costly callback.

How to avoid Misstep #3
Follow up with your customers for immediate ROI

An integral part of ensuring the success of your closed loop program is by scrutinizing exactly what follow-up methods to use with your customers. Try these three tips to help you get the most out of them.

1. **Don't underestimate the power of "thanks" or "sorry."**
   Following up doesn't need to be restricted to resolvable issues. Customers are happy to hear from you (and will still recommend you to another customer) even if you can't help them.

2. **Calling customers back isn't always the answer.**
   Consider cost, preference and channel effectiveness when selecting how to follow up with certain customers. Just because callbacks are the most expensive doesn't make them the most effective.

3. **Think outside the box.**
   Survey technology offers plenty of innovative and cost-effective ways to follow up in real time. Instead of waiting to respond, automate this part of the process and maximize the ROI of your closed loop

4 MISSTEP

Your frontline will close the loop.

It's common practice for many organizations to quickly move down the path and use frontline employees to close the loop. This includes supervisors in contact centers and branch environments and account managers in B2B settings. There is great value in this, as they are typically the employees who are closest to the customer.

Research also supports this. Managers who consistently complete their follow-up activity have teams who perform above average with CSAT scores. When managers are more consistent with their follow-up timing and they complete all the necessary steps, it can lead to a more valuable connection between customers and the organization – whereas managers who didn't buy into Closed Loop process have teams that performed below average.

	Supervisor 1 100% of callbacks completed	Supervisor 2 0% of callbacks completed
New Hire CSAT Performance	**+11** pts	**-5** pts
Overall CSAT Performance	**+3** pts	**-1** pt

However, it's not as black and white as the data shows. Even though there is cultural benefit to closing the loop – with teams performing better under managers who consistently follow the process – you should really assess whether your frontline has the time, skills and empowerment to do it effectively.

This can become dangerous if ignored. After a survey, there is often a message letting the customer know that someone will be in touch regarding their issue. If this doesn't happen – and their needs aren't accommodated – false expectations are being set, which can negatively impact CX scores by up to 30 points.

According to our research, even though customers *say* closing the loop will make them more loyal, this isn't translating to dollars.

There are tons of data points showing that most VOC programs aren't seeing a real financial impact from closing the loop. In fact, only 14% of companies can point to customer feedback programs generating any type of ROI.

This disconnect illustrates the importance of not moving too quickly into designing and implementing closed loop, and instead scrutinizing the value of this process to determine if a potential for ROI even exists for your business.

How to avoid Misstep #4 and ensure your frontline has the tools they need

Don't make the same mistakes other companies have made and assume your frontline employees can (and will) close the loop with your customers. Instead, follow these three tips to ensure they're equipped with the right tools and resources to handle the task at hand, in the most profitable way possible.

1. **The right skills.**
   Invest in training to help teams develop the right skills to be highly empathetic, creative problem solvers, and have the ability to de-escalate sensitive situations. A deep knowledge of the business, policies and process is also important to the success of closing the loop.

2. **The client's backstory.**
   Ensure that follow-up resources have access to all of the information they need to understand and resolve the customer's issue. A lot of that information (I.e. survey feedback, call recordings, and customer contact information) should be available through your VOC platform.

3. **The authority to handle.**
   Follow up teams must be empowered to resolve issues. They need to have the authority to give credits in certain situations or expedite requests. Without this authority, customer frustration can increase.

Keys to a profitable closed loop

By learning from the mistakes of other companies and following these best practices, incorporating closed loop into your VOC program can have a wide range of benefits. A quick recap:

1. **Ensure an ROI.**
   If the cost of closing the loop with customers outweighs the value they bring to the company, reconsider your approach. Set quantifiable goals, and continually evaluate the financial impact of your program.

2. **Be selective with who you follow up with.**
   Just because a customer gives a 0 or 1 doesn't mean you should follow up with them. You should understand how much it costs to "save" these customers, compare it to the value they hold to the company and go from there.

3. **Go beyond issues you can resolve.**
   Even if you can't fix the problem, a simple apology can salvage your reputation with customers. Automate with emails, or serve up in real-time inside surveys. You'll save time and money on callbacks, and you'll give customers what they want – phone calls, not emails.

3. **Empower the frontline with time and resources.**
   Your supervisors and managers are the closest to your customer, so it makes sense to utilize them. However, they can only be effective if they have the expertise, the capacity and the authority to implement remediations.

Closing your customer feedback loop is only a step away.

There may be plenty of information out there around integrating closed loop into your VOC program, but why take on all that complexity – and the risk of it not working – when you can call a Concentrix VOC Specialist to do it for you? We'll ensure you avoid the mistakes other companies have made and help develop your closed loop program that can open up plenty of opportunities for profitability and growth.

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