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Drivers: the Secrets to Creating a Great Customer Experience

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The Heart of the Matter

Typical Customer Experience Measurement Programs treat all customers as one homogenous group, rather than as unique segments. These programs need to analyze customers based on their value to the organization and analyze what drives the behavior of each segment. This white paper lays out a process for developing and analyzing these Customer Experience Drivers.

Introduction

Do you understand what motivates your best customers and sets them apart from the rest? For example, why do some customers:

- Come to your restaurant every week, whereas others only when they have a coupon?
- Call you first for consulting help, while others make you bid for the lowest price?
- Require constant hand-holding, compared to others who are very inexpensive to maintain?

And how do you find more customers like the first group?

Simply said, some customers are engaged with your company, love your products and services, and trust you. These customers tend to be your most loyal and profitable. Others buy from you because you are convenient or have a good price. These are often expensive to serve and contribute less to your business' bottom line. You need to learn what drives the former, to find more like them.

This is true for both B2B and B2C companies. In fact, because the order sizes are typically much larger, this is even more critical for B2B companies.

Without this understanding, product development and marketing become a best-guess effort. **Driver Analysis** is the process used to determine what motivates your best customers. It extends your current NPS, Satisfaction, or Engagement studies to discover and measure these underlying motivations.

Driver Analysis is the practice of including motivations in your Customer Experience Measurement Program, then correlating these motivations with your customers' Lifetime Value. This process separates those who purchase based on convenience or price from those truly profitable customers who view you differently, and then shows the motivations of each group.

For example, quick service restaurant customers selected the chain they visited the most. Within a restaurant's most-frequent visitors, those who were "engaged" spent \$8 a month more here than the average. What drove this engagement was not "the Quality of Food," or "Speed of Service." Instead, it was "the Warmth of the Greeting." Similarly, Gallup found that B2B customers who rated their partners high on "Impacts my business" are stickier – they remain customers longer, and are more profitable. The specific drivers vary by company – even within an industry – but are critical to understand how to motivate customers to spend more with you.

Another reason to use drivers is to target efforts in your different delivery segments. Using the restaurant example above, imagine the situation where a general manager is told her store NPS or satisfaction score is low. While this is important to know, it does not tell her *how* to improve these scores. Drivers provide insight on where action is needed.

Similarly, drivers help B2B account teams know where to focus. Satisfaction or NPS helps evaluate the state of the relationship – drivers identify how to improve it.

So, how do you discover these drivers? See Figure 1 for an overview. The process starts with your staff, and then expands to your customers.



Figure 1 - Customer Experience Driver Development Path

Internal Stakeholder Engagement

The first step employs your leadership and staff to identify Candidate Drivers. See Figure 2 for an overview as to how this process works.

Begin with leadership interviews to form an initial set of drivers and to build organizational buy-in. Additionally, these interviews often uncover issues that can impact later stages of the process.

After interviewing the leaders, move to customer-facing employees. Be sure to include representatives of all customer-facing channels. Interviews and focus groups are the critical tools in this qualitative analysis. Your goal is to understand the qualities that impact the customer experience – the list will be pared down later.

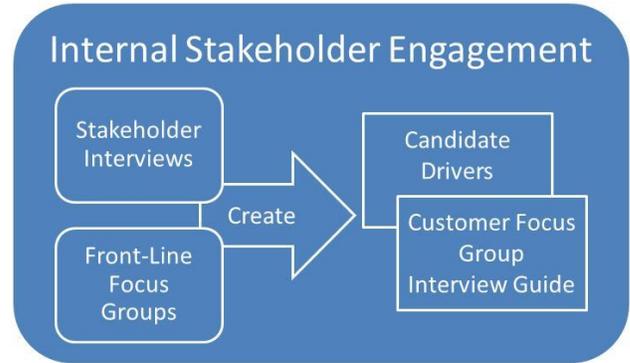


Figure 2 - Internal Stakeholder Engagement Process

These interviews also expose the level of agreement between leadership and customer-facing employees. While some variance is expected, radically different viewpoints suggest alignment issues that may threaten the rollout and buy-in around this process. If a severe disconnect is discovered, consider opportunities to embed executives and front-line staff together to build agreement before proceeding.

Primary Deliverable: The output of the Internal Stakeholder Engagement process is a list of Candidate Drivers, and an Interview Guide for focus groups with top customers.

Top Customer Focus Groups

Once Candidate Drivers are established, use focus groups with your most valuable customers to refine the list. By “most valuable customers,” we are referring to those with higher Lifetime Value (LTV). Average customers are of no interest in this process. See Figure 3 for an overview of this process.



Figure 2 - Top Customer Focus Group Process

Creativity may be required for B2C companies who cannot identify the LTV of individual consumers. Restaurant or Retail Loyalty Card members are obvious candidates. If these are not available, consider using results from previous surveys, or ask your front-line staff. B2B companies should contact the actual decision-making customers – not the operations group who may be the day-to-day contacts. For these customers, it is often more appropriate to use 1-on-1 interviews rather than focus groups.

Customers frequently identify different drivers than internal stakeholders, so expect some level of disconnect. However, significant disagreements suggest that a larger change management process may be required.

Primary Deliverables: This process will identify the final Hypothesis Drivers, which will be used to create Customer Test Questions.

Customer Test and Analysis

Once the final Hypothesis Drivers and Customer Test Questions are created, it is time to move to a quantitative process. This stage identifies which drivers distinguish your best customers from the rest. Only these drivers will be part of your ongoing Customer Experience Measurement Program.

For example, “price” will almost certainly be identified as a Hypothesis Driver. But since all customers want the best price this is unlikely to differentiate between groups.

A similar issue occurs when asking about the quality of your products. Product quality is certainly a factor in the purchase process, but rarely distinguishes top customers from the rest. Environmental factors such as the friendliness of the sales associate, the delivery service, or the sales process are far more likely to differentiate.

Customer Test Process

While the qualitative process focused on your best customers, this test survey includes the entire gamut of customers, with sufficient sample size to compare individual segments.

This initial survey may have 25 to 30 questions – far too many to use on an ongoing basis. This process will pare down the list to those questions that most separate highly profitable customers from the rest, and then retain these for the ongoing survey.

Understand that there may be different drivers that create top- and bottom-level customers. For example, in the quick service restaurant study referenced above, the “Warmth of the greeting” drove profitable customers. Locations with less loyal customers were most impacted by “Cleanliness of the restaurant.” Increasing cleanliness beyond a base level will not encourage repeat visits, but a warm greeting is lost when the restaurant is dirty.

Think of a Kano Model here – some factors are One-Dimensional (such as quality of service – more is better for all customers), some are Must-Be (cleanliness or product quality – missing it drives away highly profitable customers, but improvements beyond a baseline may not help), and others are Attractive (such as accessories – their lack does not hurt the experience, but their presence drives improved loyalty).

This analysis helped a popular restaurant chain know where to target efforts: Bottom-tier restaurants focused on raising cleanliness to a baseline level, while higher-performing locations focused on the staff’s interactions with customers. Notice that quality of food was not a top driver – a powerful finding. Quality of food is important, but does not separate frequent customers from the coupon-based visitor.

Analysis

The Analysis is where all the previous work comes to fruition. The Finance organization should drive this analysis – involving Finance provides organizational credibility. Finance also has the clearest understanding of the profitability of existing customers.

The analysis correlates Driver Questions with customers’ Lifetime Value (LTV). If LTV is not available, utilize share of wallet, loyalty, revenue, or (ideally) profitability. High LTV customers rate drivers differently, which is the understanding we seek.

There are times when these factors are unavailable. For example, B2C companies may not be able to identify individual consumers. If needed, self-reported data can be used as a proxy for LTV. Ask survey respondents to identify their number of visits, annual spending, or your share of wallet.

While not as reliable as actual profitability, self-reported data still provides some measure of validity to compare against. If no profitability proxy is available, correlations may have to be made to satisfaction or loyalty scores, but this is the least desirable option.

Separate drivers will typically correlate with profitable and unprofitable customers. For example, profitable customers may rate “Impact to My Business” (for B2B companies) or “Availability of Product Information” highly, while unprofitable customers gravitate to “Price” or “Convenience” factors.

This data is then used to create a Behavioral Segmentation Matrix, which displays both the current level of satisfaction with the drivers and how impactful they are. A sample version for a mythical restaurant chain is included here:

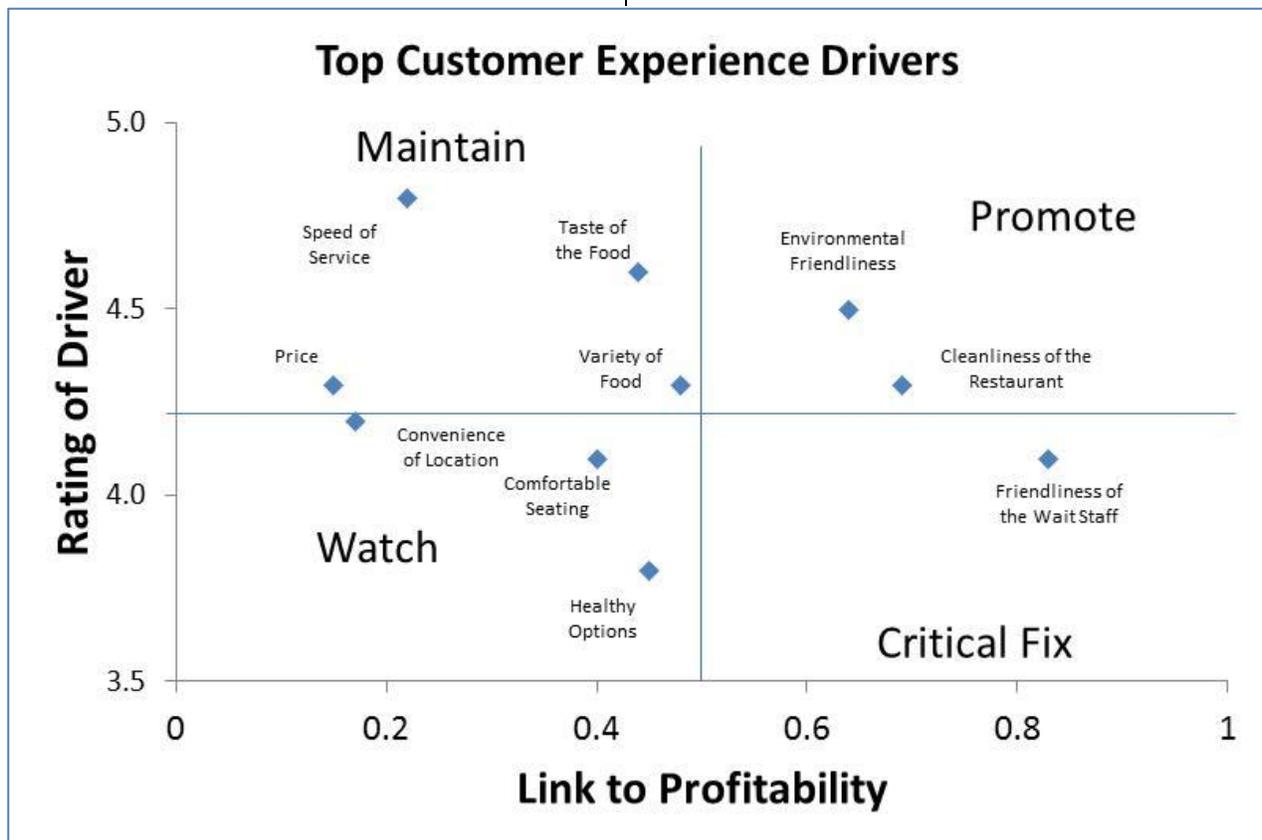


Figure 3 - Sample Customer Experience Driver Matrix

This matrix breaks drivers into four quadrants based on the link to profitability and the customer ratings of the driver questions.

Those factors in the upper-right hand quadrant are both critical and rated highly. Use these to promote the product, attracting more customers like your very best. The drivers showing up in this quadrant often surprise companies. In this example, “Cleanliness of the Restaurant” is indeed a top driver of profitable customer relationships. Environmental Friendliness also appears to resonate with customers, suggesting an input to marketing.

The bottom right is your most critical priority, as these drivers are highly correlated with profitability but are currently rated low by your customers. In this example, action is clearly needed on the “Friendliness of the Wait Staff”. Hiring and management practices should be assessed to discover what may be behind this. While not a top driver today, watch “Healthy Options” – it drives some behavior, and scores are particularly low.

The top left quadrant is rated highly but has a weaker link to profitability. These areas should be maintained, but also look for opportunities to reduce investment to fund the right-hand side of the matrix.

In this example, it appears that customer interactions (measured through Friendliness of the Wait Staff) have been sacrificed in order to improve the speed of service. A first step may be to reallocate resources from the speed of delivery towards creating a more pleasant customer experience.

The bottom-left area requires watching, but no immediate action. These areas are rated low, but also have less impact on the customer experience. This is the power of Driver Analysis – since these items do not drive your most profitable customers, you can safely shift your focus elsewhere.

These results lead directly to your regular Customer Experience Measurement Program. Incorporate the top 3-7 driver questions into that measurement, in order to evaluate how each location or service team measures up on the metrics that matter.

Existing marketing segmentation should also be incorporated into the analysis (see more on this [here](#)). This provides the marketing and product development groups with greater insights into existing customers, and helps to prioritize development efforts around those segments.

Primary Deliverables: The primary deliverable from this phase is the *Final Drivers. A Customer Experience Gap Analysis* and a *State of the Customer Workshop* should also be developed to share the learnings. Develop these in conjunction with marketing, sales, field and other appropriate leaders.

Using the Drivers to Transform Your Business

The reason for all this effort is to arm the company with the top drivers of the customer experience. Typical Customer Experience Measurement Programs lump all customers into one bucket, and strive to improve each measurement – regardless of whether the factors link to profitable behavior, or impact the customer experience at all!

As an example on how this works, consider a healthcare financial services. This company focused extensively on improving the functionality of their debit card, and was rewarded with high scores on its ease of use.

Unfortunately, driver analysis showed that this score had no discernible impact on customer behavior or profitability. Instead, our driver analysis found that “Ease of Website Login” was far more critical – high-value customers learned to login effectively, whereas less-profitable customers struggled with the process, eventually disengaging from the account.

This gave the company a clear direction. Marketing developed an extensive education program to help customers learn the easiest way to login, while product development increased the priority of streamlining the website login. The company also validated that customers who logged into the site also deposited more dollars into the account, paying for the efforts.

Build Interventions and Dashboards Based on the Baseline

Use the Customer Experience Measurement Program results to build interventions to increase customer impact, including training and development programs. Coaching is another powerful intervention, helping managers to develop plans to improve the customer experience.

One of the simplest – yet very impactful – interventions is the development of a Customer Experience Dashboard. This dashboard increases awareness, showing which teams or locations are adding customer value, and which are destroying it. Customer-focused organizations make this dashboard a central management indicator, using it to drive organizational development.

Unfortunately, the marketplace is fluid, and top drivers change over time. Repeat the Customer Test and Analysis process annually in order to understand how the drivers – and their impact – change over time. McKinsey provides further support on driver analysis in their article [here](#), also arguing for an annual reassessment.

Primary Deliverables: The primary deliverable from this phase is the initial *Customer Experience Dashboard*, showing customer and driver scores per customer segment (as well as district and region for field-based companies).

Moving Forward

The primary limitation of most Customer Experience Measurement Programs, particularly those utilizing the Net Promoter Score (NPS) system, is their reliance on one number to understand the state of the customer.

Using a single focused number is powerful, and galvanizes the company to focus on the customer. This focus provides a powerful tool for internal communication. Unfortunately, relying only on this one score does not help the organization know where to prioritize efforts.

Revisit the restaurant GM discussed above – if she is simply told that her NPS score is low, where does she focus? But if instead she is told that her NPS score is low and “Friendliness of the Staff” appears to be driving it, now she has a direction.

By incorporating drivers into your Customer Experience Measurement Program, you can arm your staff with the information they need to delight your customers. This will increase your customers’ Lifetime Value to you, as well as your value to them.

A decorative graphic consisting of several red dots of varying sizes arranged in a curved pattern in the top-left corner.

About the Author



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Jim has more than 20 years of experience in driving customer engagement from small business to Fortune 500 companies. Jim's expertise has led to engagements as far-reaching as developing consumer tests at Best Buy, creating a Customer Insights capability at UnitedHealth Group, and consulting with clients ranging from global fast food giants to utilities to international manufacturing and service companies.

Jim is a dynamic speaker, passionate about building a world-class experience that results in customers who come back time and again. Learn more at [Heart of the Customer](#)

