Improving CX through Better Measurement

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For over ten years, The Cable Center (TCC) in Denver, Colorado, has been bringing together top customer experience management (CXM) executives from the cable industry to advance the practice of customer experience (CX). Under the banner of the C5 (Cable Center Customer Centric Consortium), our group meets twice each year—alternating between TCC (Denver) and the headquarters of a C5 member. With the support and oversight of Jana Henthorn, TCC President and CEO, C5 is a forum to share information about their company's involvement in CXM (also referred to as CEM) and contribute data to CX research projects. C5ers discuss a wide range of CX topics, while research projects explore CX opportunities in areas such as self-service, digital and retail channels, a scale to determine CX maturity within a company, the use of rational vs. emotional messages to subscribers, and an ongoing study of call center metrics, which includes 14 metrics collected and analyzed over a three-year period. Through this exchange and mutual sharing, C5 members contribute to improving the industry's customers' experiences.

At the fall 2018 C5 meeting, the TCC Senior Fellows reported on their latest study—a look at the myriad of measures used to assess the impact of CX efforts on subscribers and company performance. We discovered several key points that promise to improve CX measurement (CXm). The study was grounded in the work conducted with Drs. Maria van Dessel (Senior Fellow at TCC) and Steve Hartley (professor and co-chair of the marketing department at the University of Denver), comprising an extensive review of the literature to collect and analyze all known methods of measuring CX. After reviewing over 80 papers on CXm, we found:

1. There are dozens of CX measures, but three dominate the measurement landscape;
2. Linking CXm to customer journey mapping is important, although rarely part of the CXm program;
3. CX measures can be classified as three different types;
4. Asilo-orientation is the major hindrance to developing omnichannel measures of CX; and
5. A CXm decision-making model does not exist.

I'll briefly discuss all five observations and provide a model that will help guide service providers in the communications industry to make better CXm decisions, which, in turn, can lead to better CX.

1. CXm landscape dominated by three measurement tools

Given the multitude of available measures, it is surprising that *Net Promoter Score* (NPS) is the only measure used by 45 percent of company respondents in a CustomerGauge study. The top three measures reported are: NPS (45 percent of respondents); customer satisfaction measures (38 percent of respondents); and customer effort (16 percent of respondents). The popularity of NPS is more about its early entry into the CXm space; implementation ease; and one-number evidence convenience, rather than about its ability to predict company growth. Nevertheless, the ubiquity of NPS enables benchmarking at the transactional, brand, and industry levels. While these are powerful drivers to use NPS, convenience of use (vs. relevance, validity, reliability, and predictability) should not be the compelling reason for selecting a CXm tool.

Customer satisfaction (CSAT) measures grew out of early notions of CX as an extension of customer service or customer care. CSAT measures are valuable because they show strengths and weaknesses of product and process features as well as brand perceptions. An analysis of measures of satisfaction found that equity (treating customers fairly) and disconfirmation (discrepancies between prior expectations and actual performance) correlate most strongly to customer satisfaction. However, satisfaction measures are perception-based, rather than behavior-based, and they are not strong predictors of repeat buying.

Customer effort score (CES) emerged from a large-scale study from the Corporate Executive Board (now [Gartner](#)) and their conclusion that effort is the strongest predictor of loyalty. The apparent shortcomings of measures in advocacy, loyalty and satisfaction could not be overlooked as managers observed that some satisfied customers still left a company while dissatisfied customers would stay with a company. Customer effort helps explain this anomaly. The traction of CES led to benchmarking opportunities and, no doubt, to multiple improvements in the effort component of customers' experiences. Like NPS and CSAT, CES is perception-based and does not account for the gap between the expended effort and a customer's prior expectations of effort. For example, the effort gap (EG) in using an ATM is small: I don't anticipate much effort and, indeed, using an ATM doesn't require much effort. On the other hand, a recent trip to Petco to get my dog vaccinated resulted in a large EG: I anticipated low effort, but the process took over two hours, with unexpected, lengthy wait periods and unanticipated paperwork. In this example, the experience would result in low CSAT scores, low NPS, negative CX scores, and low repeat purchase. Here, the EG explains much. Low levels of effort or, more accurately, low EG, show a reduction in likelihood to churn—or, put differently, a customer who assesses the company as 'difficult' is much more likely to defect than a customer who is 'dissatisfied.' Yes, service providers in the communications industry need to focus on reducing customer effort, but they also need to explore the effort gap.

2. Customer journey mapping drives CXm

Customer journey mapping has many benefits in terms of understanding the customers' motivations, tasks, importance of product features, influence of others, and touchpoints. Measuring CX at each stage of the customer's subscription journey (from pre-purchase to purchase and post-purchase) is critical, since a negative experience at any point can result in termination of the journey. The CXm issue is knowing what measurement tools to use at each stage of the journey **Table 1** shows the most likely scenario for telcos, wireless service providers, and cable operators.

CUSTOMER JOURNEY STAGE	TYPE OF SUBSCRIBER TASK	APPROPRIATE MEASUREMENTS
Pre-purchase	Gathering knowledge about alternative ways to receive phone, wireless, video, and internet service; learning product features and pricing; comparing alternative solutions and competitors	Brand and feature awareness studies; feelings and attitude studies (e.g., trust, reliability, sentiment); behavioral studies (wait/ hold time, purchase intent, inquiry-to-sales conversions)
Purchase	Completing the transaction; receiving relevant hardware (e.g., devices); accepting installation; setting up billing procedures	Feelings and attitudes studies (e.g. satisfaction and effort evaluations around installation and billing, trust, reliability,); behavioral studies (purchase behavior, sales, order volume, cancellations)
Post-purchase	Experiencing the service; ongoing subscription payments; potential billing issues, service requests; potential cancellation; reconsideration of alternative solutions	Feelings and attitude studies (e.g. trust, satisfaction, loyalty, advocacy); behavioral studies (e.g., churn, retention rate, customer lifetime value, dissonance, repeat purchase, increased spend volume)

Table 1: Customer journey stages, types of subscriber tasks, and appropriate measurement
(Click to Enlarge)

3. Knowing the three different types of CX measures help guide CXm decisions

Classifying CX measures into types helps us understand what to expect from measurements. From our study, three types of measures were identified: *perception-based, operational, and outcome-based.* See **Table 2** below For example, *perception-based metrics* let us know how a subscriber feels about us and about various aspects of our products and processes. Reading more into perception-based metrics can get us into trouble because none of them are particularly strong predictors of behavior. *Operational metrics* are grounded in: (1) operating efficiency and (2) the assumption that better operational performance create a better customer experience—and a better experience leads to better *outcome-based metrics*. For most companies, *outcome-based metrics* are the goal: they reflect the consequences or behaviors that result from CX initiatives and translate to a company's financial performance. Ideally, we can demonstrate the relationship between CX investments to outcome-based metrics. Clearly establishing that relationship is challenging,

however, since perception and operations are at least one step removed from the desired, ultimate behavior, e.g. revenue.

Table 2: Types of CX measures
(Click to Enlarge)

4. Silo-orientation is the major hindrance to developing omni-channel measures of CX

Many companies are hampered by a silo management structure. Silos develop out of the perceived value of specialized expertise and by company size (span of control issues). However, decades of management literature have warned us about the limitations of silo structures and how they hinder creativity and process fluidity. Within CXm, it is not uncommon for several different groups within a company to be measuring the same elements of CX. And, even when they measure different dimensions of CX, the outcomes are not shared throughout the organization. Today, we know that a customer's experience is shaped by interactions with several different channels, for example call centers, digital platforms, installation and service personnel, and retail. The most enlightening view of the customer's experience is an omnichannel measure; however, a silo orientation creates barriers to generating an omnichannel view of the customer.

5. CXm decision-making model paves the way to better CX

Our research into the CXm literature, supplemented by our work with cable operators and companies in several other industries, tells us that companies can make better sense of the complex and often-confusing menu of CXm options by using a decision-making model as suggested in **Figure 1** below. Our recommended model integrates the customer journey (*pre-purchase, purchase*, and *post-purchase*) and the types of CX metrics (*perception-based, operational*, and *outcome-based*) within a three-question protocol.

Figure 1 presents an example of a *pre-purchase* situation (question 1) and then identifies the tasks that potential subscribers would have, e.g., acquiring information, developing feelings and attitudes, and contacting alternative suppliers (question 2). Armed with the answers to questions 1 and 2, you can make a more informed decision about the CX metrics that will provide a better understanding of the potential subscriber—and what actions to take to enhance the sale. A similar process could be used for *purchase* and *post-purchase* situations—situations where outcome-based metrics are more relevant.
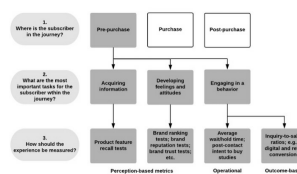

Figure 1: CXm decision-making model
(Click to Enlarge)

The spread and impact of the CX paradigm have been impressive, but its future as a viable and sustainable business investment depends on our ability to measure its impact. The good news is

that over 90 percent of all companies engaged in CXM measure its outcome. The challenge is navigating the nuances of the dozens of available CX metrics. The above CXm decision-making model is a solid step toward better use of CXm resources and, ultimately, better CX outcomes for the cable industry.