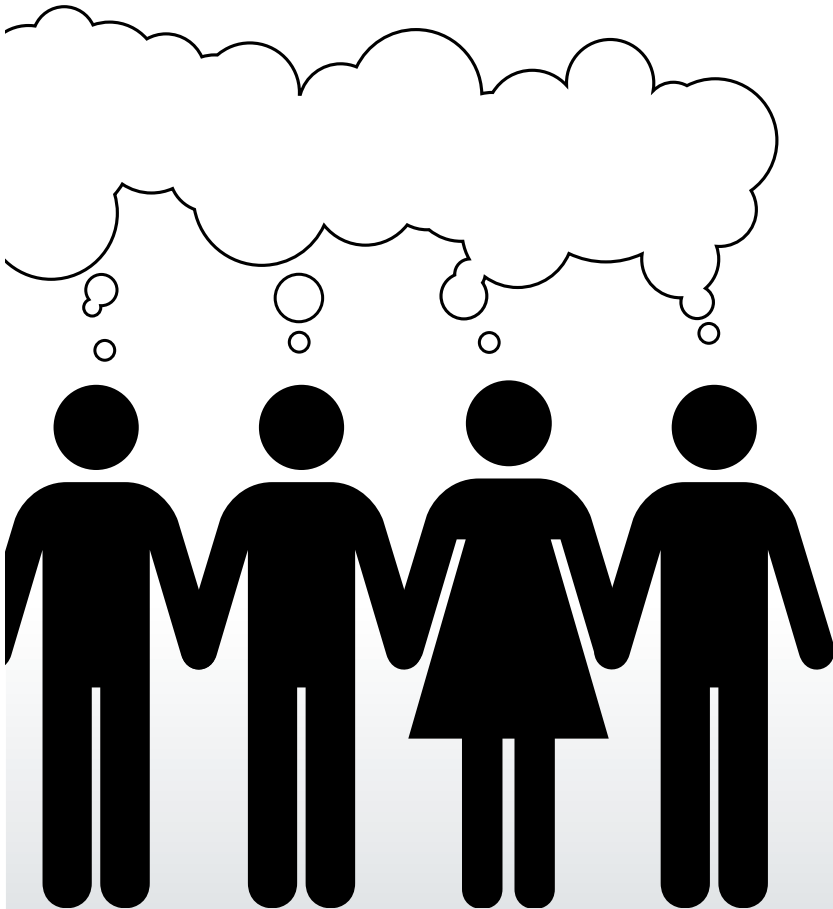




Why Advocacy Is Not Enough

White Paper



White Paper: Why Advocacy Is Not Enough

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Advocacy scores alone cannot bring improvement

What do companies need to influence advocacy?

Experiences happen every time a customer interacts with a company

Introduction

Increasingly, organizations identify themselves as customer focused. To demonstrate this, they adopt strategies centered around customer advocacy – the willingness of customers to recommend the business to others. What many of these companies miss is actionable information around the measurement. Without additional information behind their advocacy scores, companies cannot realize the promised benefits.

The question then becomes: What pieces of information do companies need from their customers to influence advocacy, and how can they ensure that information reaches the right employees?

This white paper discusses how customer-centric companies can use advocacy as part of their strategy to improve customer experiences. It highlights common advocacy metrics, and details best practices in distributing the information to employees. Finally, it outlines key requirements of a Customer Experience Management (CEM) solution that uses advocacy as a foundation to improve the delivered customer experience.

Key Concepts

Regardless of industry, geography, or product, businesses face competition. Consumers have seemingly endless choices, products are commoditized, and as a result, companies have to find new ways to differentiate themselves. Increasingly, companies seek differentiation based on delivering exceptional experiences, and use this differentiation to create advocates and provide sustainable growth opportunities.

Customer experiences are created every time a customer interacts with a company. Each interaction happens at a touch point, such as browsing, buying, troubleshooting, or upgrading, and is delivered through a channel, such as a store, contact center, or website. Regardless of whether the business model dictates that it operates through one or many channels, a company's customers have experiences at multiple touch points throughout the customer lifecycle (Figure 1, below). Each experience is an opportunity to delight or disappoint customers.

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Companies that create advocates enjoy greater profitability and growth than their competitors

Figure 1:
Customer lifecycle (cable TV example)

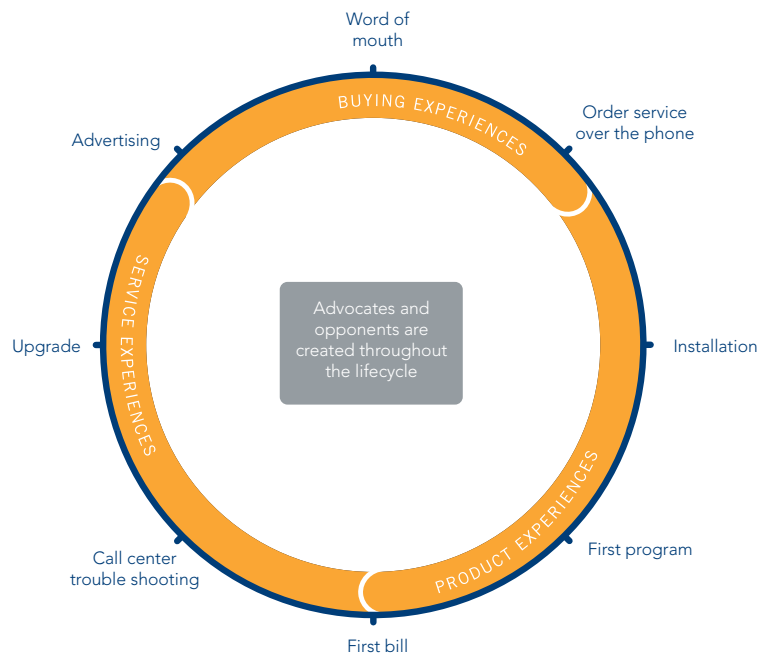
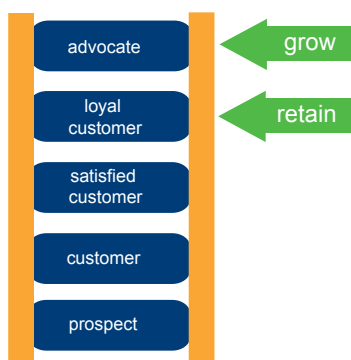


Figure 2:
Customer experience ladder



Customers talk about those experiences, and whether they were good or bad. Advocates are customers who recommend a business based on good experiences. Opponents are those who actively criticize it. Companies that create advocates enjoy greater profitability and growth than their competitors.

Creating advocates requires pushing customers up the experience ladder (Figure 2, left) by consistently delivering the positive experiences that customers expect. To create advocates, companies need to:

- understand which touch points are important to customers;
- understand what their customers' experiences are at each of these touch points and how those experiences affect customer advocacy;
- integrate those experiences into business processes and strategies.

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Advocacy's power comes from combining it with information behind the customer experience

CEM uses the voice of the customer to accelerate improvements that customers value

Advocacy indicates the quality of the experience. CEM identifies where to fix it

Using Advocacy

On its own, customer advocacy only measures whether a customer will recommend a business to friends or family. Advocacy's power comes from combining it with additional information about the customer experience: where it happened, when, with who or what. These details provide insight into why customers are advocates or opponents, how to create more advocates and reduce opponents, and are critical to understanding what has caused advocacy to change from one reporting period to another.

Without these details, assigning action to improve the experience is no more than a guess. Identifying what drives advocacy or creates opponents means companies can use their resources addressing the customer pain points that matter most. Companies that harness this information can translate it into tangible improvement of both day-to-day transactions and strategic decisions.

Employing both of these improvement approaches – one customer at-a-time and overall – ensures that the knowledge gained from improving individual experiences is applied globally, and those strategic improvements reduce individual customer experience pain. Companies achieve the step change and broader experience improvement by reporting different pieces of information to different employees, depending on the role they play in delivering the customer experience.

Relationship Between Advocacy and CEM

Customer Experience Management incorporates the voice of the customer into the business to accelerate improvements that customers value. A CEM program entails a commitment to measuring – and more importantly improving – the delivered customer experience across the business.

Advocacy is simply an indicator of the quality of the experience, as evaluated by customers and informed by their expectations of the interaction. A company's advocacy score reflects the sum of customers' experiences across the business. CEM provides detail about each experience to pinpoint where the customer has identified gaps between their expectations and the delivered experience, so that the company can target improvements and reduce customer defection.

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Measuring Advocacy

Three advocacy metrics are listed in Table 1, below. When combined with additional customer experience information, these metrics can be truly valuable.

Table 1	Net Promoter Score™ (NPS)	Customer Focused Insight Quotient (CFiq™)	Advocacy Index™
Customer segments	Promoter Passive Detractor	Advocate Apathetic Antagonist	Advocate Neutral Opponent
Method	Customers rate their likelihood to recommend the business from 0 to 10.	Customers rate agreement with three statements: I would recommend this business to friends and family I would use this business first for future needs I would stick with this business if offered a competitively priced product	Customers indicate whether they would recommend the business on a 5-point scale.
Score	-100% to 100% Scores are calculated by subtracting % of Detractors from % of Promoters to achieve net score.	% Advocates	% Advocates

Each of these metrics uses the same question: "How likely are you to recommend this business to a friend or family member?" as its foundation.

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An employee's role determines the information that they receive

Executives	
Scope	View of overall trends
Focus	Identify top-performing business units
Timing	Weekly or monthly summary
Purpose	Make informed systemic changes

Managers	
Scope	View of team performance
Focus	Identify top-performing members
Timing	Daily summaries with real-time at-risk reporting
Purpose	Save opponents Manage performance

Reporting Advocacy

Companies that ensure that the entire organization has a view of the customer experience, and can use that information to achieve a common goal, are more successful at improving customer advocacy. They use the information from advocates to learn where the company is performing well and delivering the experiences that customers expect. They use the information from opponents to learn where they are failing their customers, and what needs to change to convert these customers into advocates.

Aggregate reporting for executives

Busy executives making strategic decisions need information that is easy-to-digest and highlights problem areas. It should identify what creates opponents or advocates, and provide access to additional detail, including the cost of opponents and the value of advocates, when executives want it. This helps executives prioritize changes. Best practice is to provide this picture of the customer experience weekly or monthly: often enough that executives use it, but not so frequently that the information is overwhelming.

Team-based reporting for managers

Managers, though not responsible for making strategic decisions, provide input to executives while balancing the day-to-day needs of their team members. Companies leading customer experience excellence make their jobs easier by providing them with regular summaries of the customer experience within their area of business responsibility. These reports pinpoint advocacy triggers, and contain information about top agents to refine how managers coach others on their teams. On a daily or weekly basis, managers receive team performance summaries. They also receive real-time alerts when new opponents are created or advocacy scores fall below a predetermined threshold, giving them the opportunity to correct failures and potentially reverse opponents.

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Front-line employees	
Scope	View of individual impact
Focus	Identify top behaviors
Timing	Daily summary
Purpose	Reinforce behavior

Granular reporting for the front-line

Front-line employees interact with customers on a daily basis and they have the most influence over each individual customer experience. Best practice companies deliver each front-line employee a regular summary of how their performance has affected each customer's advocacy, so they can align their behavior with the expected experience delivery.

Understanding which of their actions triggered an opponent or advocate allows them to correct or repeat the behavior in future customer interactions. Companies that share what other front-line staff are doing well see the practices – and enthusiasm for delighting the customer – spread throughout the organization.

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Understand which touch points are important to customers

Understand what customers' experiences are at each interaction

Integrate information into business processes and strategies

Deliver the right information to the right people at the right time

Solution Requirements

Organizations delivering thousands of customer interactions each day turn to technology solutions to distribute advocacy and customer experience information to thousands of employees. This is the only way that they can ensure the right information gets to the right people at the right time. When evaluating options, consider the following elements mandatory:

Ability to scale across the customer base and tie into all customer touch points

Measuring the delivered experience at every touch point and through multiple channels as it happens ensures a complete view of advocacy and the customer experience across the business.

Ability to provide detail behind each customer's advocacy score

Improving advocacy one customer at-a-time and understanding what about the experience has created an opponent or advocate provides an opportunity to turn the opponent into an advocate by making things right. In aggregate, the information helps prevent future customers from being opponents by identifying advocacy triggers.

Ability to deliver a common view of customer advocacy to the entire organization

Sharing a view of customer advocacy across departments, such as marketing and customer service, provides groups that often have independent customer initiatives with a single framework to measure their success.

Ability to drive information throughout the company to improve the delivered experience

Delivering information to people who are in the best position to identify and fix problems affecting customer advocacy needs to happen continuously.

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Use advocates to see where customers' expectations are met

Use opponents to identify where customers experience pain

Deliver information to employees in a format that suits their role.

Conclusion

Every time a customer interacts with a company, a customer experience is created. Customers talk about those experiences: Advocates are customers who recommend a business based on good experiences; opponents are those who actively criticize it.

Information from advocates highlights where the company is performing well and delivering the experiences that customers expect. Information from opponents identifies where they are failing their customers.

While different advocacy metrics apply different methodologies, they ultimately answer the same question: how many customers are likely to recommend the company to their friends or family.

To facilitate experience improvement, customer advocacy information must be coupled with detail about where the experience happened, and delivered to employees throughout the organization. How much information and how frequently it is distributed depends on the employee's role in experience delivery, with executives receiving summary information at regular intervals and front-line employees receiving granular information on an ongoing basis.

Distributing this information throughout a company with thousands of employees delivering millions of customer experiences requires a technology solution. It should scale across multiple touch points throughout the business, provide detail behind each customer's advocacy score, deliver a common view of customer advocacy to all employees, and drive advocacy information to the right people in the organization to improve the delivered customer experience.

Building customer advocacy as part of a customer experience management program is a powerful way of improving any business. Adopting an advocacy-based approach to CEM provides employees throughout the organization with information that they need to influence the customer experience.

For more information on advocacy and customer experience management, visit www.responsetek.com.



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