



Mu Sigma

Customer Strategy - 4

Voice of the Customer

Do The Math

Chicago, IL
Bangalore, India
www.mu-sigma.com

11/22/2018

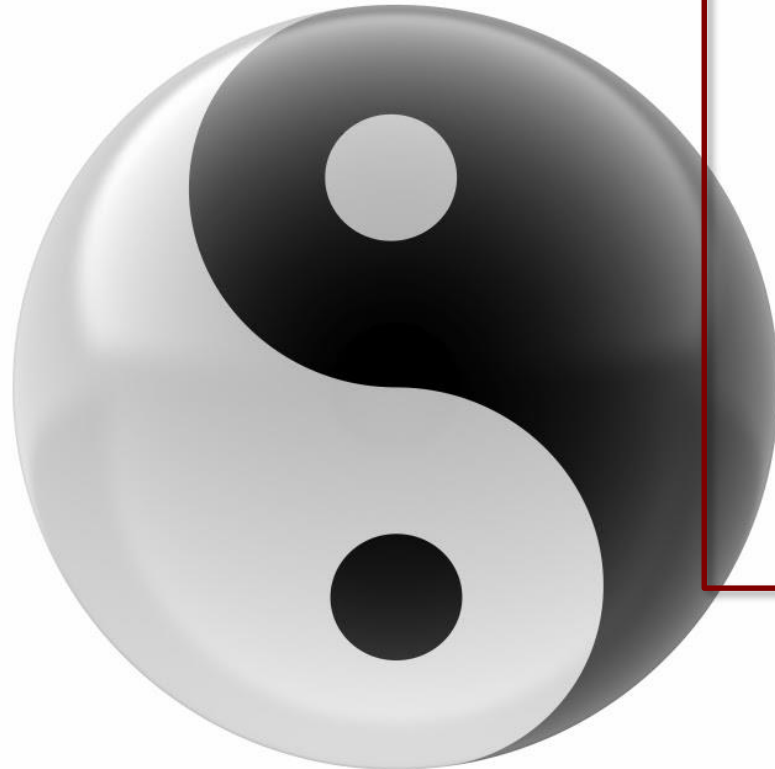
Proprietary Information

"This document and its attachments are confidential. Any unauthorized copying, disclosure or distribution of the material is strictly forbidden"

Strategic and Tactical

Strategic

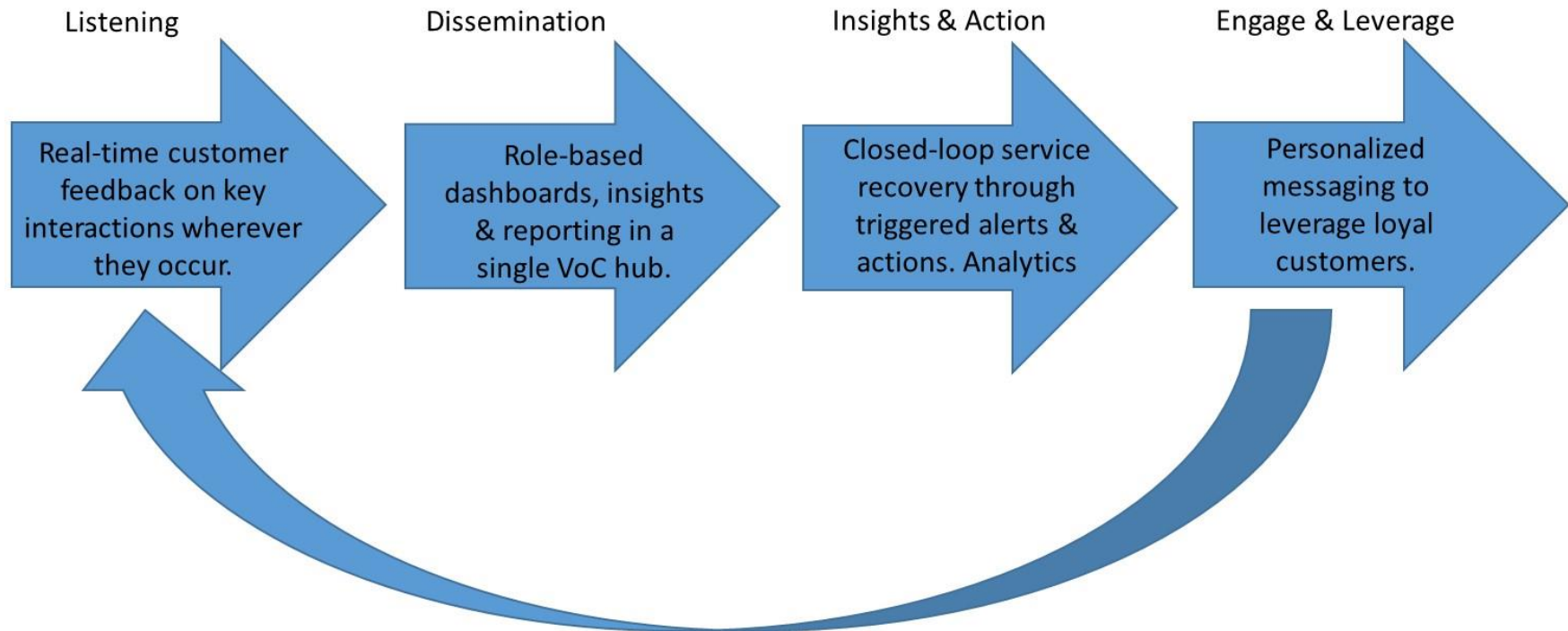
1. How strong is my relationship strength?
2. How does this impact business outcomes?
3. What are the key drivers of the relationship?
4. How do I perform on the drivers compared to competition?
5. Where should we invest to improve/maximize the relationship strength?



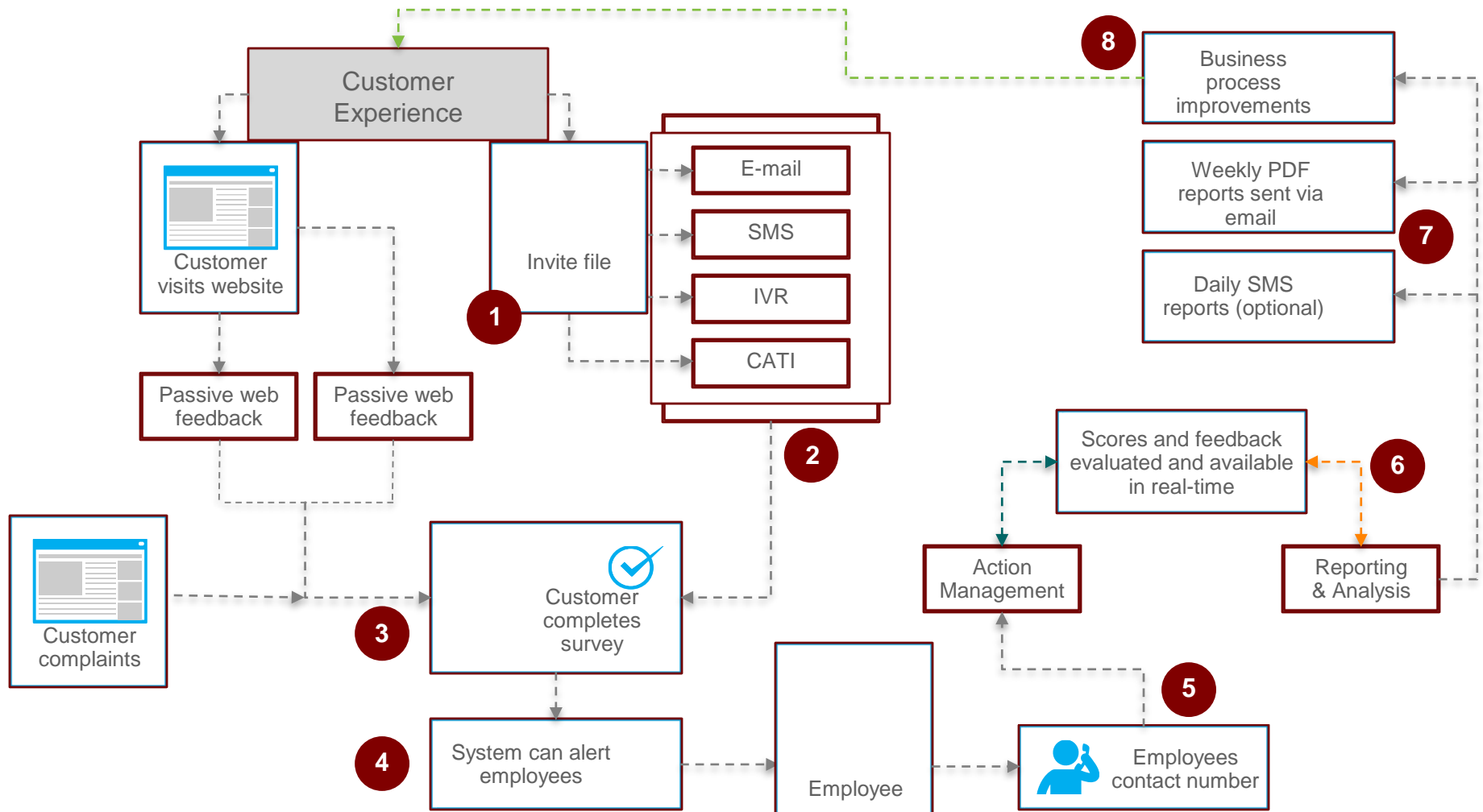
Tactical

1. Did we deliver good experiences today?
2. How do we improve operational efficiency?
3. How do I make staff accountable in delivering great experiences?
4. How do we resolve customer complaints on time and well?

Real-time customer feedback



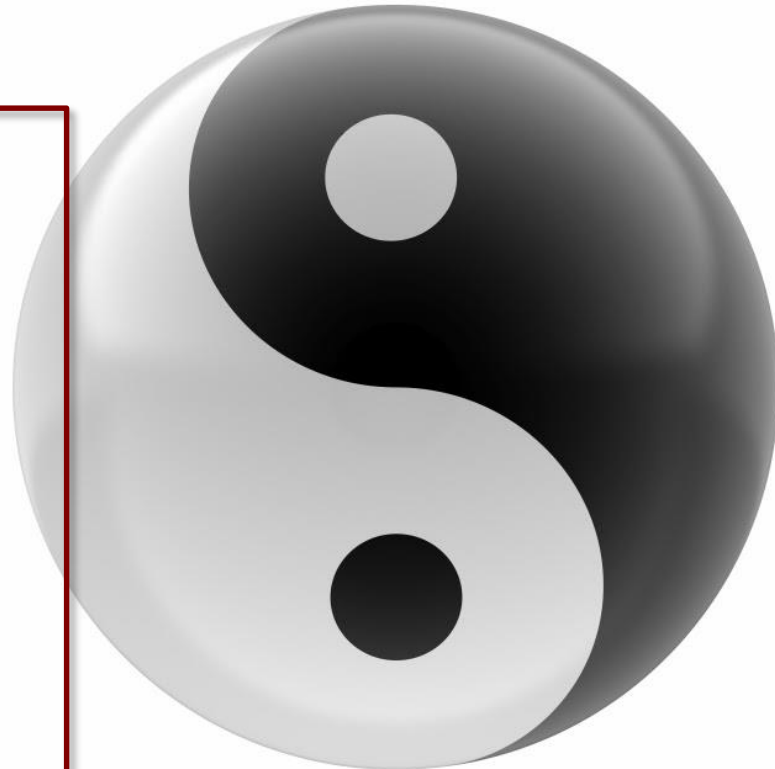
Real-time customer feedback



Strategic and Tactical

Strategic

1. How strong is my relationship strength?
2. How does this impact business outcomes?
3. What are the key drivers of the relationship?
4. How do I perform on the drivers compared to competition?
5. Where should we invest to improve/maximize the relationship strength?

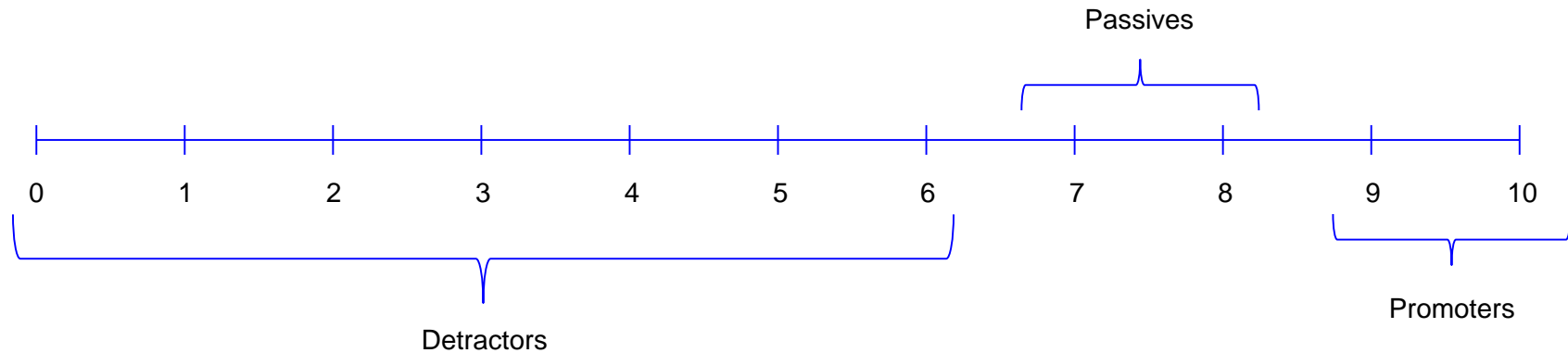


Tactical

1. Did we deliver good experiences today?
2. How do we improve operational efficiency?
3. How do I make staff accountable in delivering great experiences?
4. How do we resolve customer complaints on time and well?

NPS

1. How likely are you to recommend “brand X” to a friend, colleague or family?

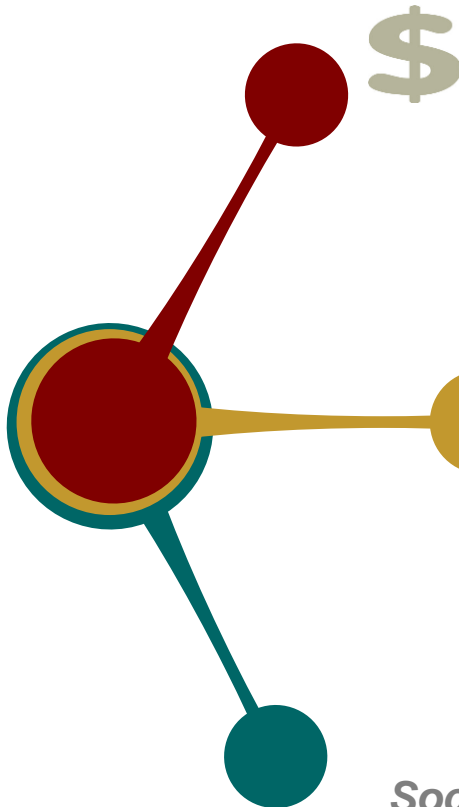


$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors}$$

2. Reason (s) for the rating

Some tricks...

Driving Business Growth



Driving value of Promoters/Detractors

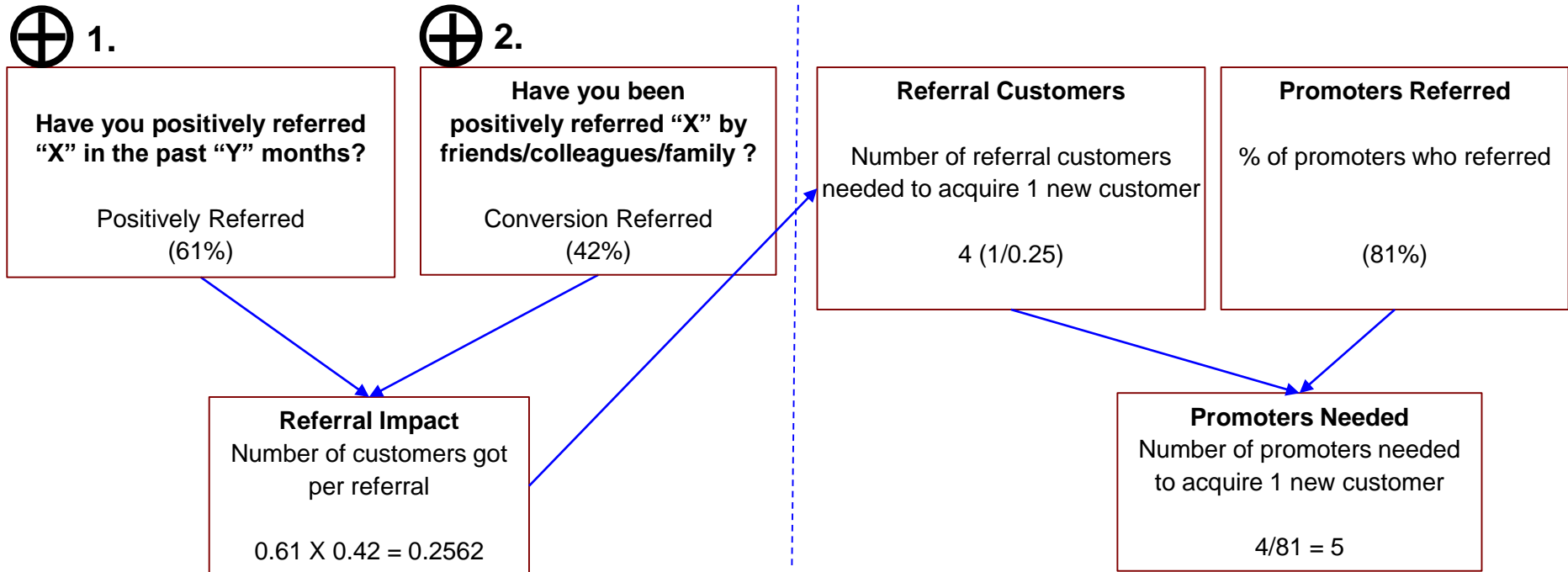
- Questions driving +ve referral impact are added to the NPS survey
- Questions driving –ve discouragement are added to the survey
- Value of Promoters and detractors is determined

Linking Customer Satisfaction with Share of Experience

- Rank, that customers assign to a brand w.r.t competition are determined
- WAR drives wallet share by identifying what drives customer's preference (rank calculated above)
- Share of Experience is predicted using this rank applying WAR
- Share of Wallet is extrapolated using Spent Data
- Case study

Social media, customer comments & NPS

Adding questions driving +ve referral impact to the NPS survey can help assess value of promoters



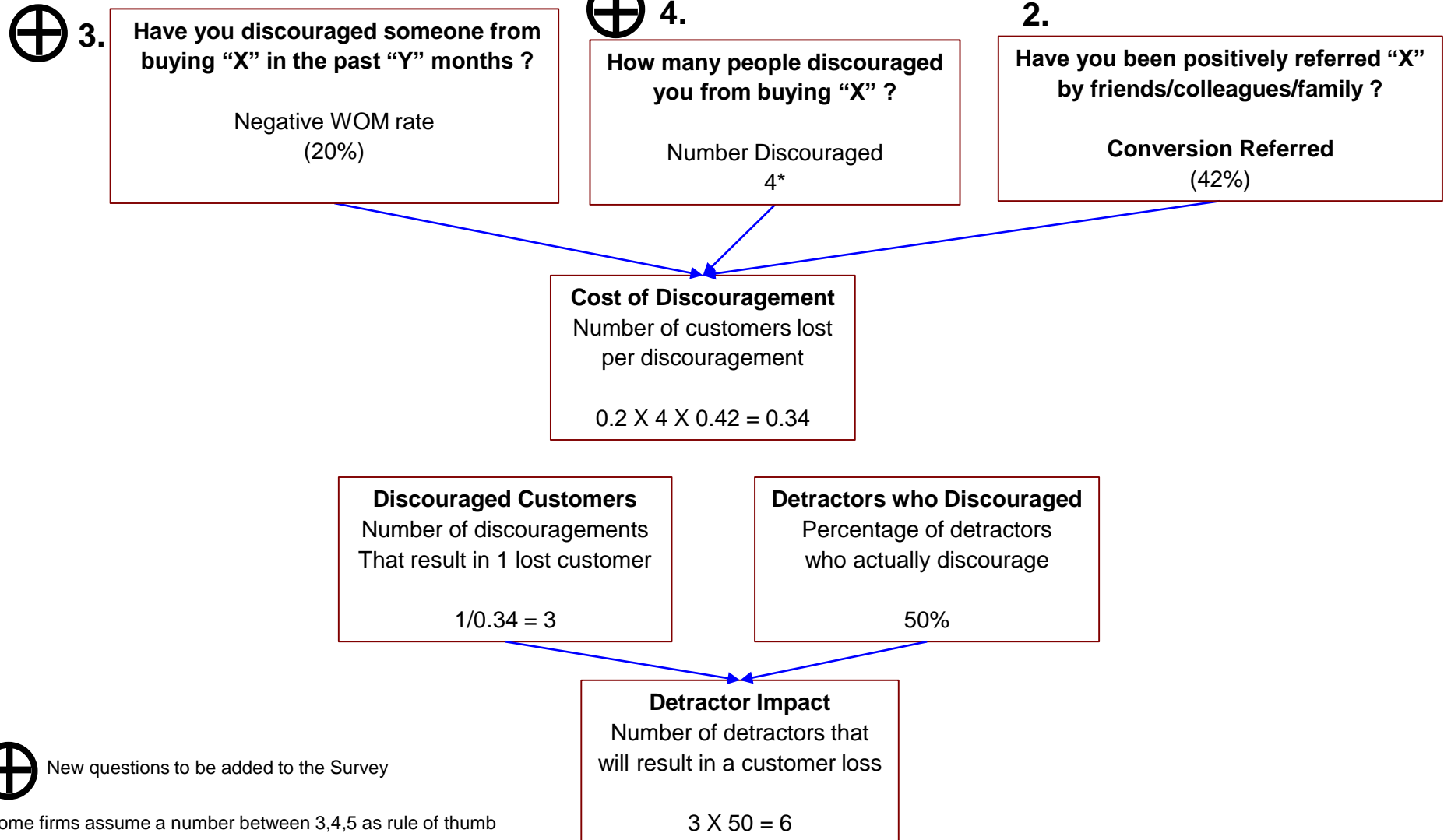
► Points to note:

- Estimates are based on survey data. Hence, there will be an error value associated with the numbers
- If historical referral rates are available they can be used instead of the stated responses of customers, which relies on customer memory
- Best done at a relationship level (top down). If part of bottom-up survey, ask the key relationship questions first and then move to interaction questions (however responses could be biased)



New questions to be added to the Survey

Adding questions driving –ve discouragement to the survey can help assess value of detractors



⊕ New questions to be added to the Survey

*Some firms assume a number between 3,4,5 as rule of thumb

Customer satisfaction/NPS and the “Theory of relativity”



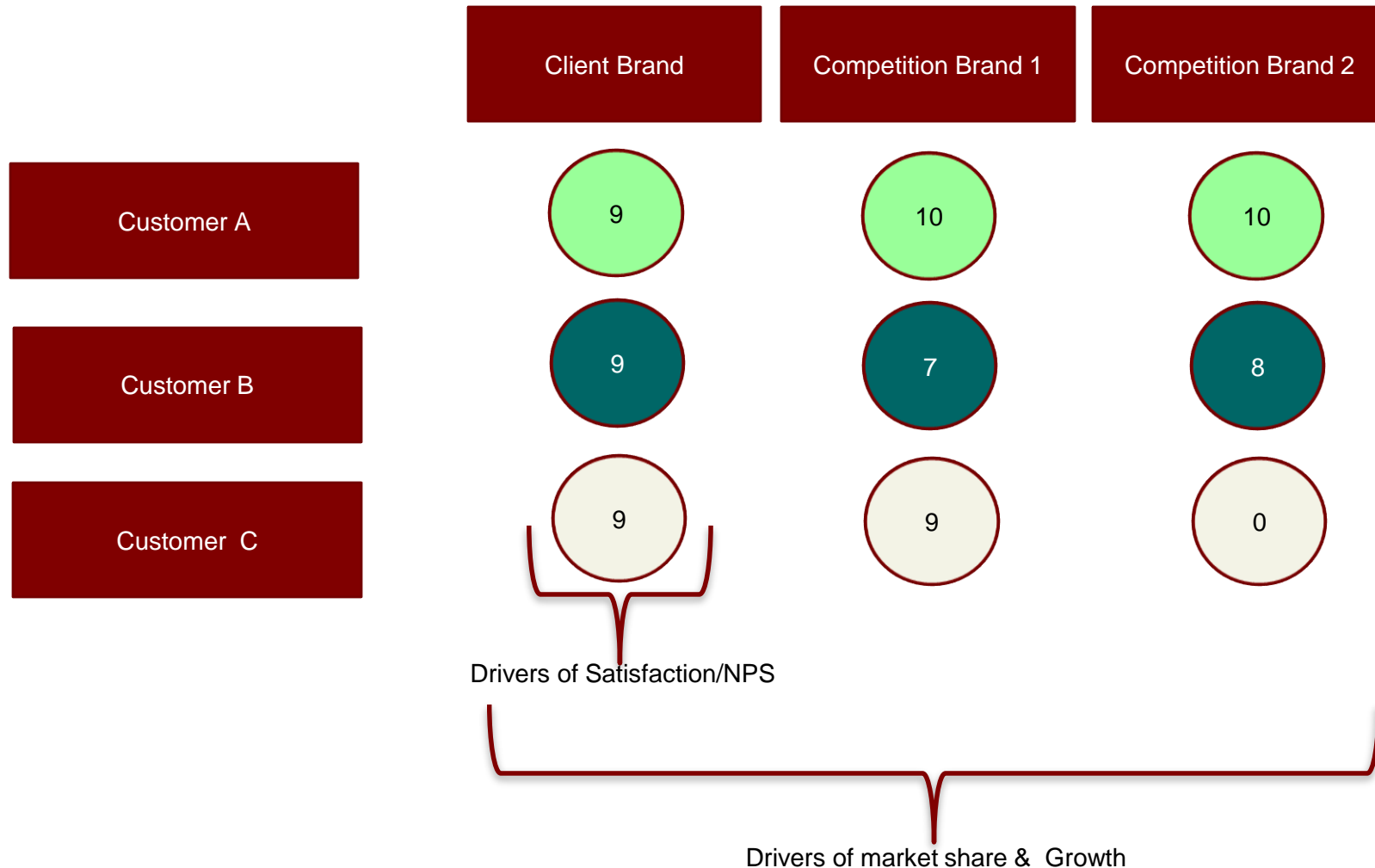
In several categories customers have multiple relationships

Customer satisfaction/NPS and the “Theory of relativity”

	Client brand	Comp brand1	Comp brand2
Customer 1	9	10	10
Customer 2	6	5	4
Customer 3	9	9	9

Good customers are good and bad customers are bad only in a relative context

Customer satisfaction is relative w.r.t competitor brands due to multiple drivers





Wallet Allocation Rule drives experience share by giving what drives customer's preference (Rank for the

$$WAO = \left(1 - \frac{\text{Rank}}{\text{No of Brands} + 1} \right)$$

Ajit's formula!

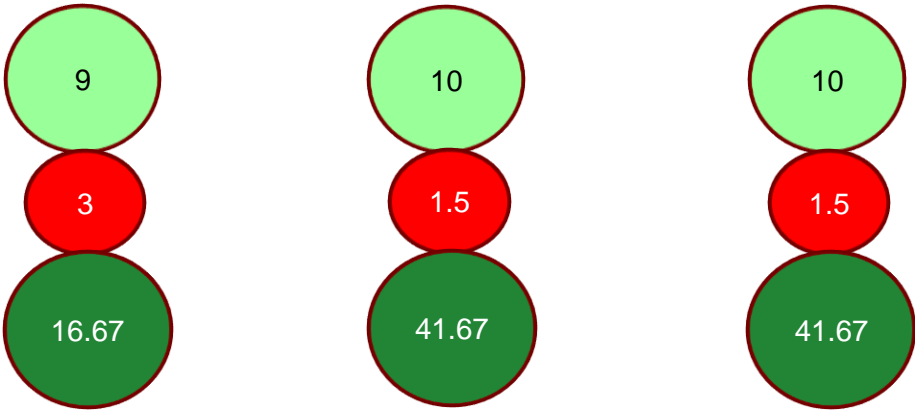
1. Lowest rating gets rank 1
2. SoE = Rank / Sum of Ranks

Source: (HBR – Wallet Allocation Rule)

Customer A - ratings

Customer A - Ranks

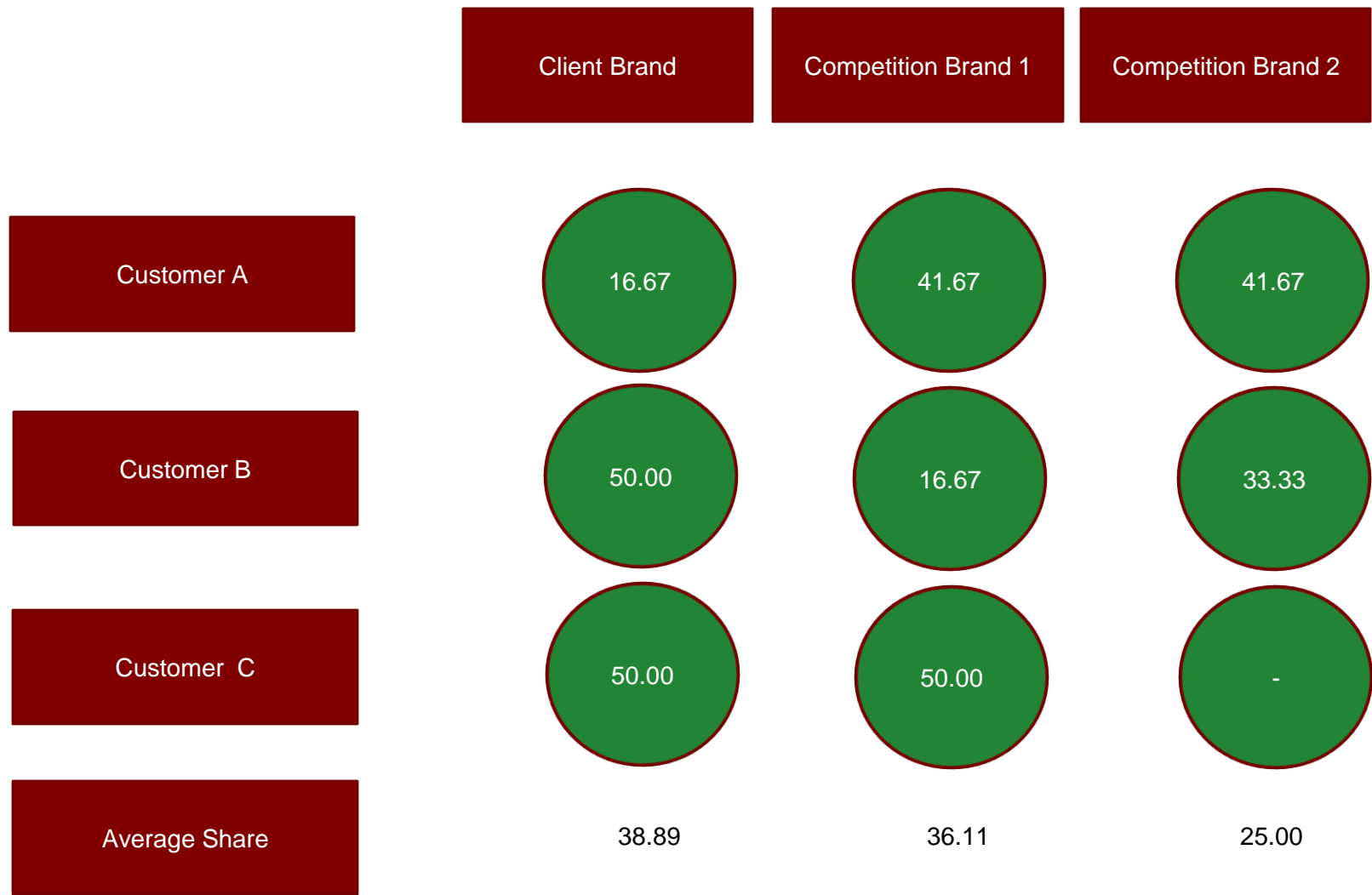
Customer A – Share of Experience



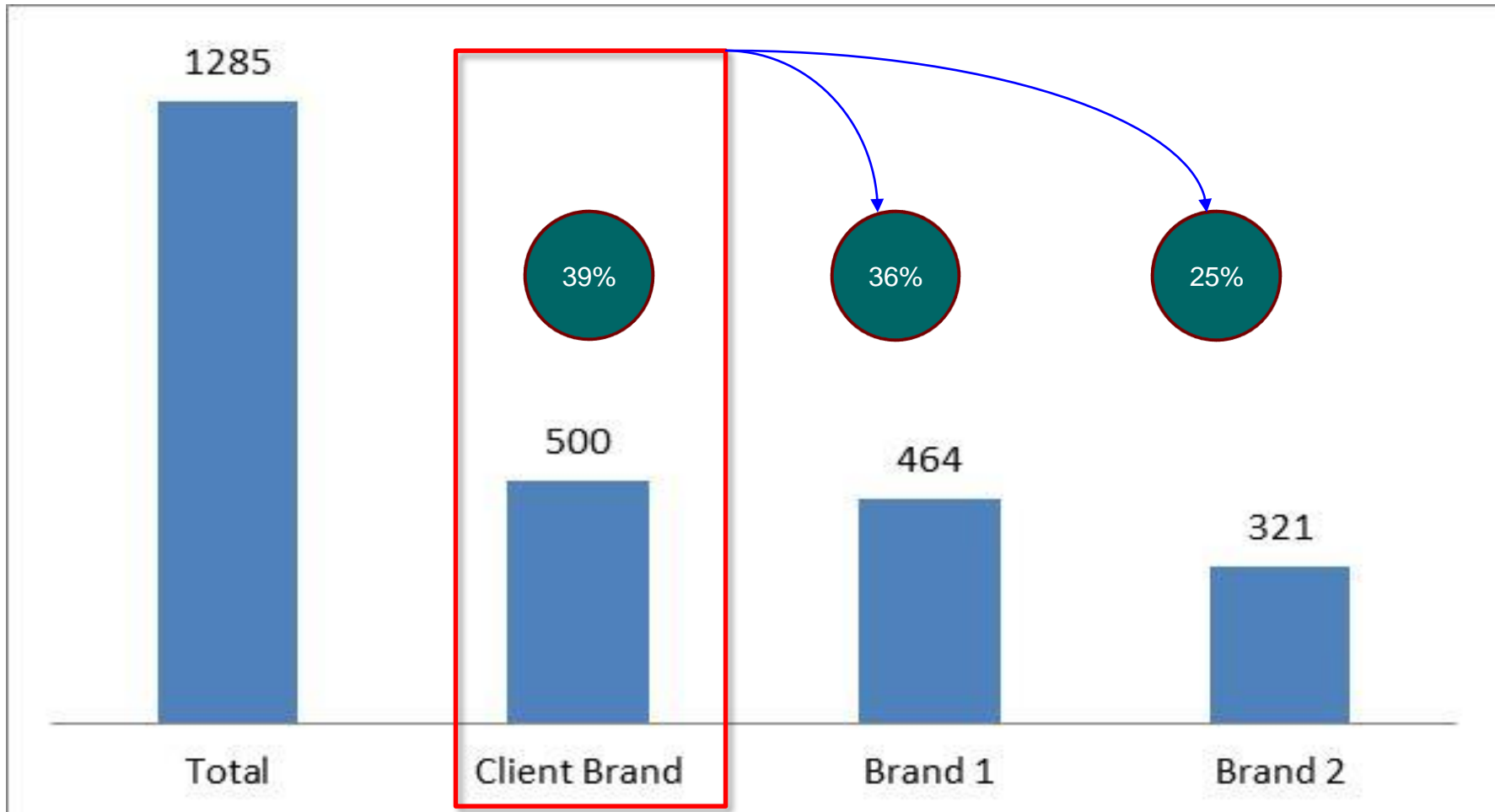
Note: The WAR is based on Zipf's distribution



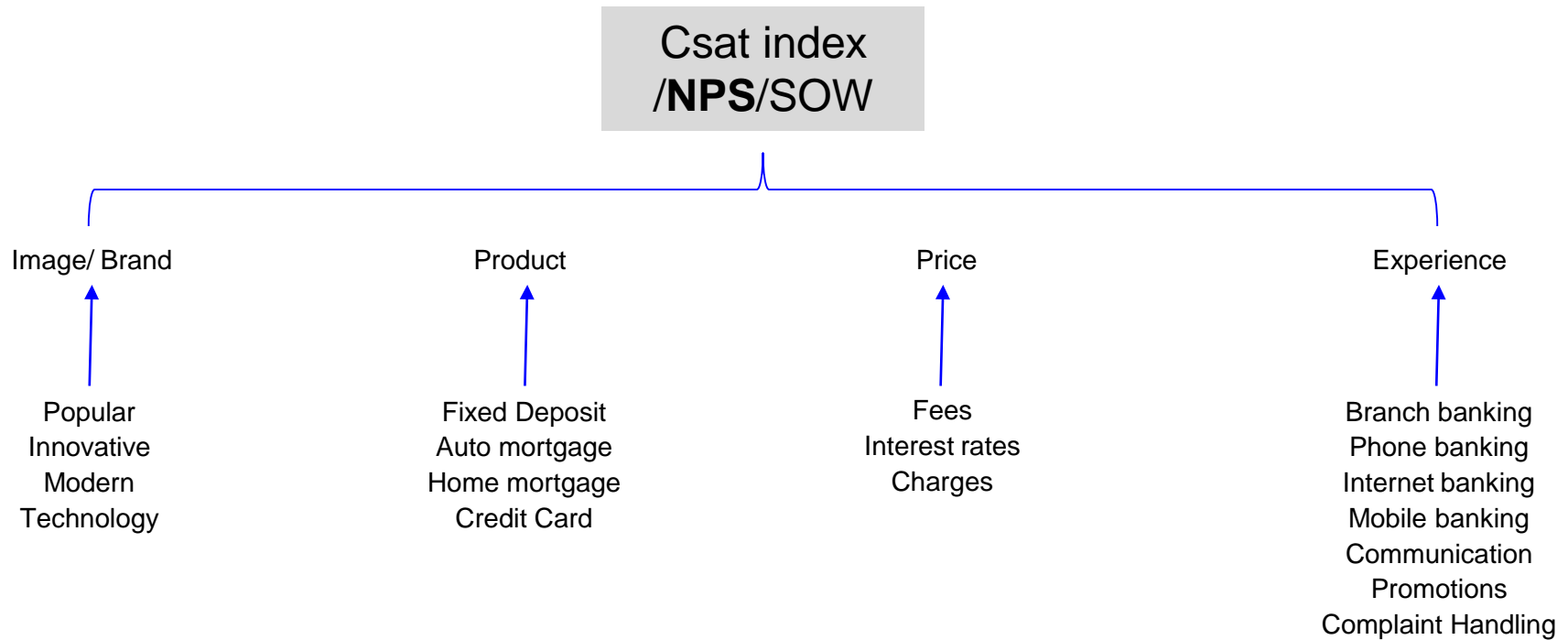
Customer's share of experience can be calculated to drive business growth using customer satisfaction



Customer Spend Share, extrapolated using Spent data gives an insight to what drives customer's wallet



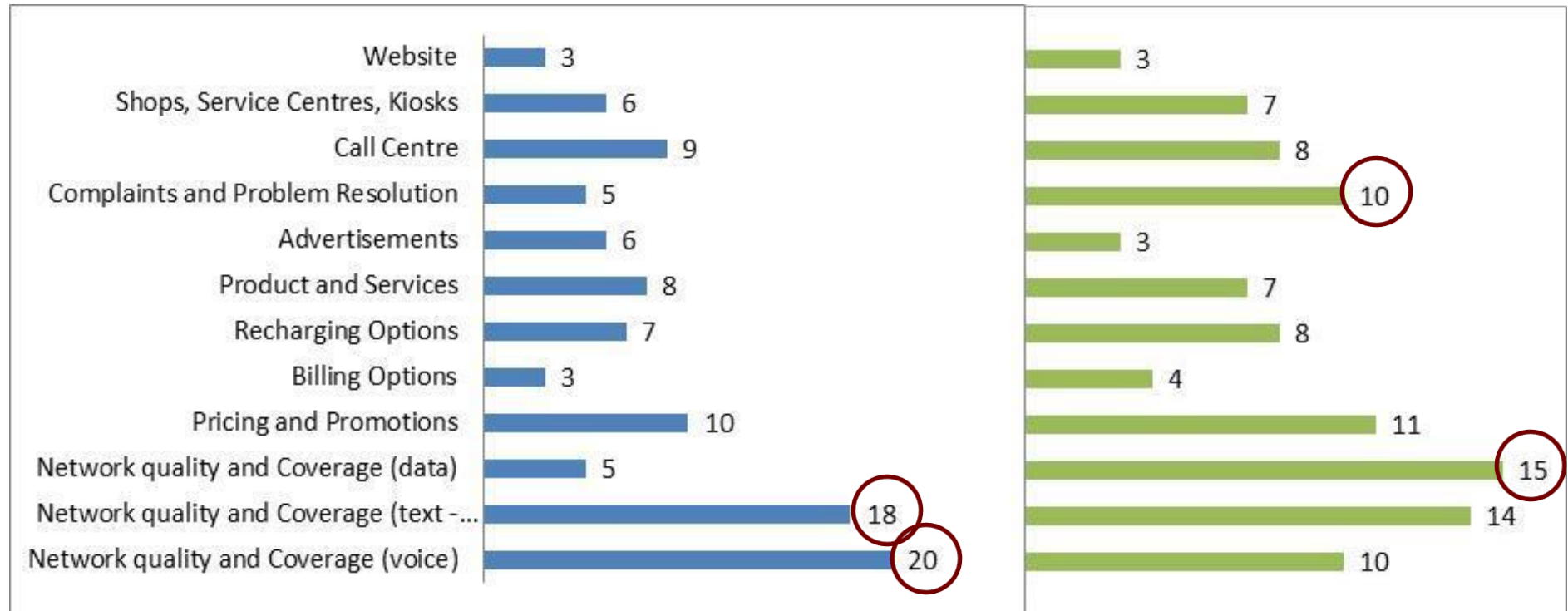
Strategic Customer Voice



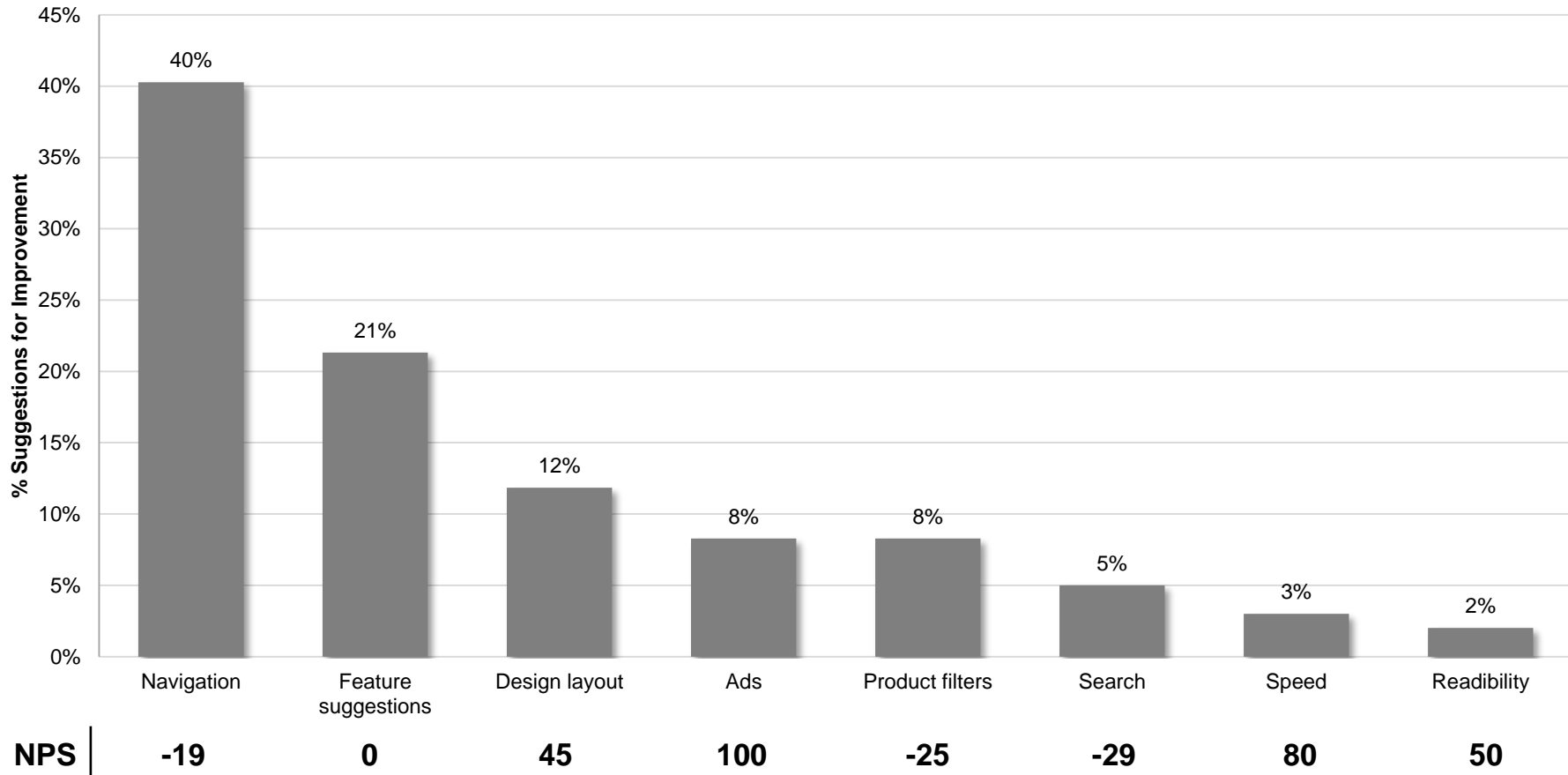
Driver Analysis

Drivers of NPS.
Rsquare - .27

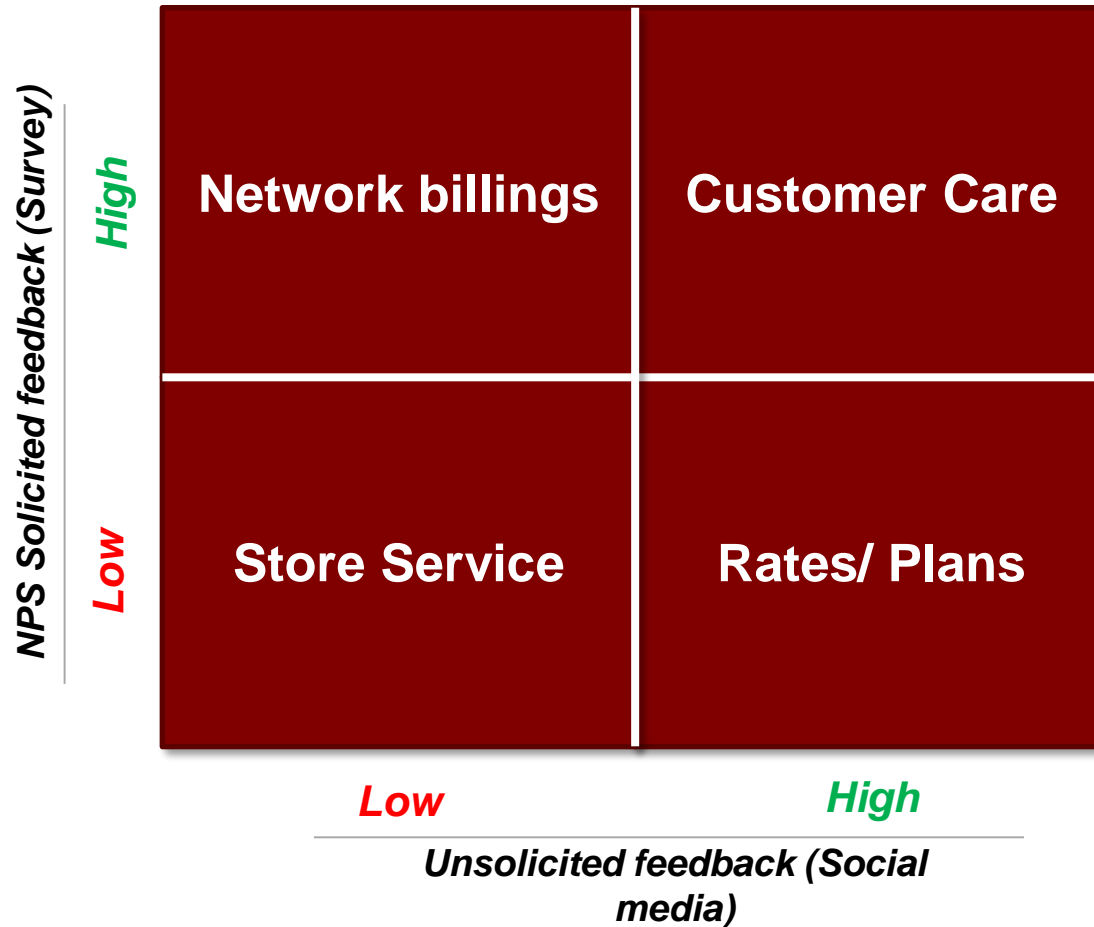
Drivers of SOW
Rsquare - .74



Using customer suggestions for Prioritization



NPS data and Social Media/text Analysis





Thank You