ERDM VoC Research Innovators

24 Tips for
CX Innovation

Based on findings from over *16,000 hours*
of in-depth VoC research interviews conducted by ERDM.

OVERVIEW

Extensive Voice of Customer (VoC) research conducted by our firm, ERDM, for clients such as IBM, Microsoft, Gilt, QVC, Shinola and HP, indicates a high level of BtoC and B2B frustration with the poor quality of today's personalization, CX and lifecycle engagement.

Given this frustration, and in spite of data privacy concerns, customers are willing to provide deep B2B or B2C information to drive proactive, explicit *personalization.* This is a major opportunity for marketers to enrich traditional *implicit, inferred data*, with *self-defined, explicit human data.*

Following are 24 Tips for CX Innovation based on findings from over 16,000 hours of in-depth VoC research interviews we have conducted.

We have organized these Tips as follows;

  I. VOC Research Based CX Tips and Takeaways
  II. Purchase and Onboarding
  III. Deepening the Relationship
  IV. Personalized Repeat Sales and Renewals.

We hope these insights will help accelerate your success.

With Best Wishes,
Ernan

Ernan Roman
President | ERDM Corp.

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I. VoC Research Based CX Tips and Takeaways

#1. How <u>Customers</u> Define *"Customer Experiences";*

- High value customer experiences across *every point of contact* with your organization.
- These experiences must apply to all elements of the media mix and *all departments* in your organization.
- High quality experiences must be maintained *throughout the relationship "not just when you are selling or renewing".*
- Customer experiences must be *driven by my individual preferences* regarding: key needs, message, timing, frequency, and media mix.
- Preferences must drive high quality *personalization of communications and experiences.* Privacy of preference information is essential.

#2. 7 Critical Points for High Value Engagement

1. Purchase
2. Onboarding
3. *Anticipatory responses* to decreasing engagement (visits, responses, purchases)
4. Immediate response to negative experiences
5. Surprise and delight thank you's
6. Value-added cross-selling and up-selling
7. Repeat Sales/Renewals.

#3. Given GDPR requirements, obtaining and honoring preferences is mandatory. Must *shift from implicit data to explicit data!*

- Per VoC Research, Customers (esp. Millennials) want unprecedented *explicit control* of their CX and personalization.
- Marketers must enrich / build upon traditional implicit data, with explicit, opt-in, *self-profiled* data.

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#4. Definition and example of *implicit* data;

- Information you data mined or customers provided, to indicate short-term interests or needs, but not to *intentionally indicate deeper or longer-term preferences*.

- Examples; web actions like page views, wait list, favorite, shopping cart, items purchased.

- Also, data mined from social media such as Twitter or Facebook

#5. Definition and example of *explicit* data;

- *Self-profiled preference information* customers provide in the Preference Center of a site or through dialogue boxes.

- BtoC Example: Customer specifically indicates they are interested in trendy professional clothing for the workplace.

- BtoB Example: Customer indicates they want training programs on digital marketing for new hires.

#6. Reciprocity of Value Equation;

- Recognition by BtoB or BtoC consumers that to receive or access increasingly relevant information, they must provide information regarding their preferences.

- If they trust the brand and receive a compelling value proposition, consumers will opt-in to sharing increasingly detailed preference information <u>in exchange</u> for the marketer's promise to deliver relevant information and offers.

- *This reframes data privacy concerns and complies with GDPR!*

- Reciprocity is seen as a *valuable exchange of information* that improves the customer experience.

- This information will constantly change, grow, and be enriched, through ongoing interactions with consumers.

- As a result of these preference-based interactions, consumers are more willing to respond to communications and offers.

- This customer-driven information exchange results in uniquely accurate databases.

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#7. Use VoC Research to Gain these CX Insights from Your Customers:

1. How to change from transactions to engagement based on a deep understanding of customer's needs.
2. The critical issues facing decision makers in this economy, as they evaluate your product or service.
3. How consumers identify the key steps in their decision making process.
4. What information and offers are most effective at each step, and via what mix of channels.
5. Who consumers identify as the decision makers and the empowered influencers.
6. How your customers define a value-added and *competitively differentiating relationship* with your company.
7. Effective value propositions for engaging customers in an Opt-In relationship, so they will trust you with their detailed self-profiled preferences.
8. What initial preference information will they provide and how can this be *enriched / expanded in the course of progressive profiling.*
9. The optimal role for: web, digital, email/mail, inside sales, field sales, tech, stores.

#8. VoC-insights will help you transform your marketing from "CRM" and "managing" customers to "CMR" and "*customer-managed*" relationships.

- Per Disney: "The term **'CMR'** reinforces the notion of the guest being the one who is driving the experience."

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II. Purchase and Onboarding

#9. Per VoC research, "Closing the Sale" is a dangerous mindset.

- For BtoB and BtoC, the term "closing a sale" is dangerous.

- Prompts misguided thinking that with the acquisition of a customer they can move on to the next sale.

- Instead, the sale should be viewed as a *unique opportunity to begin to engage* the customer across a long-term customer life cycle

#10. During Onboarding, 5 Requirements for Engaging Customers to Provide Their Preferences;

1. Trust that the company will adequately safeguard their information and use it in a responsible way.

2. "Responsible" = consumers believe that their information will not be rented or sold to third parties.

3. "Honor my preferences"; expectation that their "Opt-In" self-profiled preferences will be used to drive increasingly targeted communications and offers... and suppress those that are not relevant

4. The value consumers receive in exchange for providing in-depth information must be obvious and compelling. If the *value is not obvious*, they will assume you betrayed their trust.

5. Consumers must see proof that the company will be able to deliver on requirements 1 through 4, not just once, *but consistently over time*.

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#11. Trust is the foundation for preference-based engagement;

- VoC research identified *4 dimensions of trust* that build upon each other;

    1. Deliver on the brand promise.

    2. Treat me fairly.

    3. Respect me.

    4. Improve my experience.

#12. Communities are Critical for Driving Deeper Engagement. 5 Point VoC based definition:

1. *A Community is a group of people united by a common interest to *share information and exchange conversation.*

2. Communities are unique ways for marketers to demonstrate their consumer commitment and interest.

3. A Community must be *a place of collaboration, not a place of selling*.

4. It must be a platform based on the value *derived from relevance and appreciation of time* spent by members.

5. It must be a safe space for BtoC and BtoB.

How Does Your Community Compare?

III. Deepening the Relationship

#13. Preference Centers are Critical for Capturing Preference Information for Driving Deeper Engagement. Yet, They are Deeply Disappointing;

- Preference Centers are critical for enabling companies to capture deep preference information.
- Per VoC research, Preference Centers are not providing sufficient value:
  * *"Misleading – they are obviously focused on what the company wants to sell."*
  * *"They're not focused on my preferences. The focus is on them, not on learning about the needs of my business."*
- Additionally, many Preference Centers don't provide a resource that is:
  * Customer-focused.
  * Comprehensive across different product lines and channels.
  * Easy to find, use, and update as customers' needs change, (progressive profiling).

#14. Your Preference Center should request at least the following information regarding individual's;

- Needs
- Decision making process
- Offer
- Message
- Timing
- Media Preferences.

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Set as your goal: Opt-In rates ranging from 80% to 95%.

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#15: Find the right mix between implicit and *explicit* data: using only implicit data is not enough to power true personalization.

#16: Insights from customers are a *privilege, not something you are entitled to*.

- Don't ruin the hard fought gains by sending "spray and pray" blasts which disregard preferences in hopes of generating extra sales.

#17: Your clients evolve over time; be one step ahead and know when to change your offer to keep them engaged.

#18: Don't wait for customers to tell you they are disappointed – ignoring the problem won't make it disappear.

#19: *Empower your front line* staff to create incredible moments with your customers.

#20: Moments in which you genuinely ask for nothing will get you a great deal in terms of heartfelt loyalty, word of mouth and repeat business.

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IV. Personalized Repeat Sales & Renewals

#21. Powerful Quotes from VoC Research Focusing on Increasing Renewal Rates for Financial Services Company;

- *"You are <u>focusing on the wrong thing</u>. It's not about the renewal. It's how you;*
  - ∗ *'Treat me starting at the sale'*
  - ∗ *'Welcome me and make sure I understand the program'*
  - ∗ *'Personalize communications and offers to me as an individual'*
  - ∗ *'Take care of me when there is a problem.'*
- *"It's the whole experience, not just the amount of claims paid, that determines whether I will repurchase your product!"*

#22. *Entire Customer Experience must be integrated* from the Beginning to Earn the Repeat Sale or Renewal;

- Acquisition
- Conversion
- On-boarding
- Retention
- Renewal.

#23. *Employee* Customer Experience must be integrated Across the Customer Lifecycle;

- Performance metrics
- Compensation
- Training.

#24. Change company culture and thinking;

- From "how does this benefit us?" to *"how does this benefit the customer?"*

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Ernan Roman (@ernanroman) is president of ERDM Corp. and author of *Voice of the Customer Marketing*.

ERDM conducts specialized CX and Loyalty research to help companies understand how customers define their expectations for high value customer experiences.

Ernan was inducted into the DMA Marketing Hall of Fame due to the results ERDM's research-based CX strategies achieve for clients such as IBM, Microsoft, QVC, Gilt, Shinola and HP.

He was selected for Online Marketing Institute's *"Top 40 Digital Luminaries"* and Crain's *"100 most influential people in business marketing."*

His widely read blog *Ernan's Insights on Marketing Best Practices* appears in CMO.com, Forbes, CX Network, DMA, CustomerThink, CRMC and Business2Community.

Previous books; *Opt-in Marketing* and *Integrated Direct Marketing.*

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