



**KS&R**  
Data to Knowledge

March 2010

## **r2r Brown Bag Forum: Customer Experience – Quantitative Perspective**

# Customer Experience Research

- What do you know about your customers' experiences?
- When was the last time you asked your customers...
  - What is important to them,
  - What you are doing well, and
  - Where you need improvement?
- Several of KS&R's clients have benefitted from our quantitative approach to understanding, and ultimately making improvements to, their customers' experiences
- Learn how you can transform customer experiences to help combat:
  - Aging product / service life cycles
  - Indistinguishable competitive value propositions
  - Unsustainable price differentiation



# Qualitative Informs the Quantitative

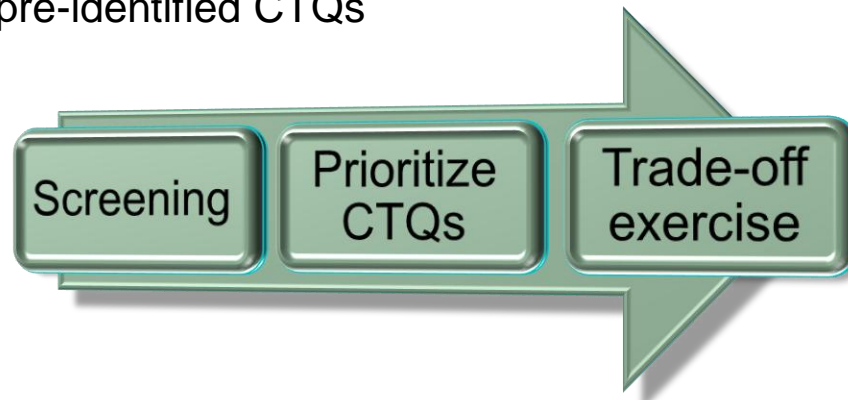
- To most effectively inform the quantitative phase of customer experience research, a qualitative phase is recommended
- Critical to quality measures (CTQs) are defined and refined in the qualitative phase through:
  - Focus groups / in-depth interviews
  - Observations / work-alongs
  - Mystery shopping
- Groups studied during the qualitative phase often include:
  - Customers
  - Stakeholders and employees
  - Competitors



Note: The qualitative phase of customer experience research will be explored in greater detail during next month's Webinar.

# A Focus on Quantitative: Overview

- Frequently, online quantitative surveys are used to enable the methodologies necessary in the CTQ prioritization process
- Respondents are screened...
  - to ensure they meet the agreed-upon criteria,
  - to generate background information (demographic or firmographic) to aid in analysis, and most importantly,
  - to understand baseline levels of key experience metrics (e.g., volume, visits, satisfaction, loyalty, etc.)
- Often, trade-off exercises are undertaken to help prioritize and determine preferences for pre-identified CTQs



# A Focus on Quantitative: Prioritizing CTQs

- Prioritizing CTQs can be managed differently, depending on the trade-off technique chosen. Several trade-off techniques may be applicable:
  - Maximum Difference Scaling (MaxDiff)
  - Choice-based Conjoint
  - Adaptive Conjoint
  
- An illustrative example of prioritizing CTQs, as part of an adaptive conjoint, follows:

The next questions are about how important specific service attributes are to your continued use of your provider of (*service*). Using a scale from “1” to “9” where “9” is Extremely Important, “5” is Somewhat Important and “1” is Not At All Important, how important are each of the following service attributes to your continued use of (*service provider*).

	Not At All Important to your continued use of ( <i>service provider</i> )				Somewhat Important to your continued use of ( <i>service provider</i> )				Extremely Important to your continued use of ( <i>service provider</i> )
CTQ/ATTRIBUTE	1	2	3	4	5	6	7	8	9
1. Amount of time you wait to talk to customer service rep on the phone									

# A Focus on Quantitative: Trade-offs to Understand Preferences

- Once the importance of each attribute (CTQ) is determined via either qualitative or quantitative research, respondents participate in a series of trade-off exercises which help determine the preferred levels within each critical to quality factor
- An example of this, again in the context of an adaptive conjoint, follows:

Illustrative example using adaptive conjoint analysis

Given the following two SERVICE OPTIONS, which do you PREFER? You can use any number between “1” and “9” to indicate your preference, with “1” indicating a STRONG PREFERENCE for Option A; “5” indicating NO PREFERENCE; and “9” indicating a STRONG PREFERENCE for Option B. **Please assume that all other elements of the experience, including price, are equal.**

OPTION A					OPTION B			
You wait on hold 5 minutes before talking with a customer service rep					You wait on hold 9 minutes before talking with a customer service rep			
Repair locations are open Monday through Saturday, closed Sunday					Repair locations are open 7 days a week			
1	2	3	4	5	6	7	8	9
STRONG PREFERENCE FOR OPTION A				NO PREFERENCE				STRONG PREFERENCE FOR OPTION B

# A Focus on Quantitative: Fixed Task Follow-ups for Linkages

- For purposes of understanding the impact of various levels of CTQs on key experience metrics (e.g., volume, visits, satisfaction, loyalty, etc.), it is important to include a series of follow-up questions that are linked to the trade-off exercises via fixed tasks
  - Fixed tasks are just that, fixed from respondent to respondent; they include a mix of CTQs that represent the range of CTQs tested
- Each fixed task is tied to the key experience metrics, which are also asked at the beginning of the survey; this pre-post line of questioning enables modeling to understand the impact of making improvements to CTQs

<b>Fixed Task 1</b>
CTQ
CTQ

Impact on key experience metric:  
% increase  
% decrease  
Stay the same

<b>Fixed Task 1</b>
CTQ
CTQ

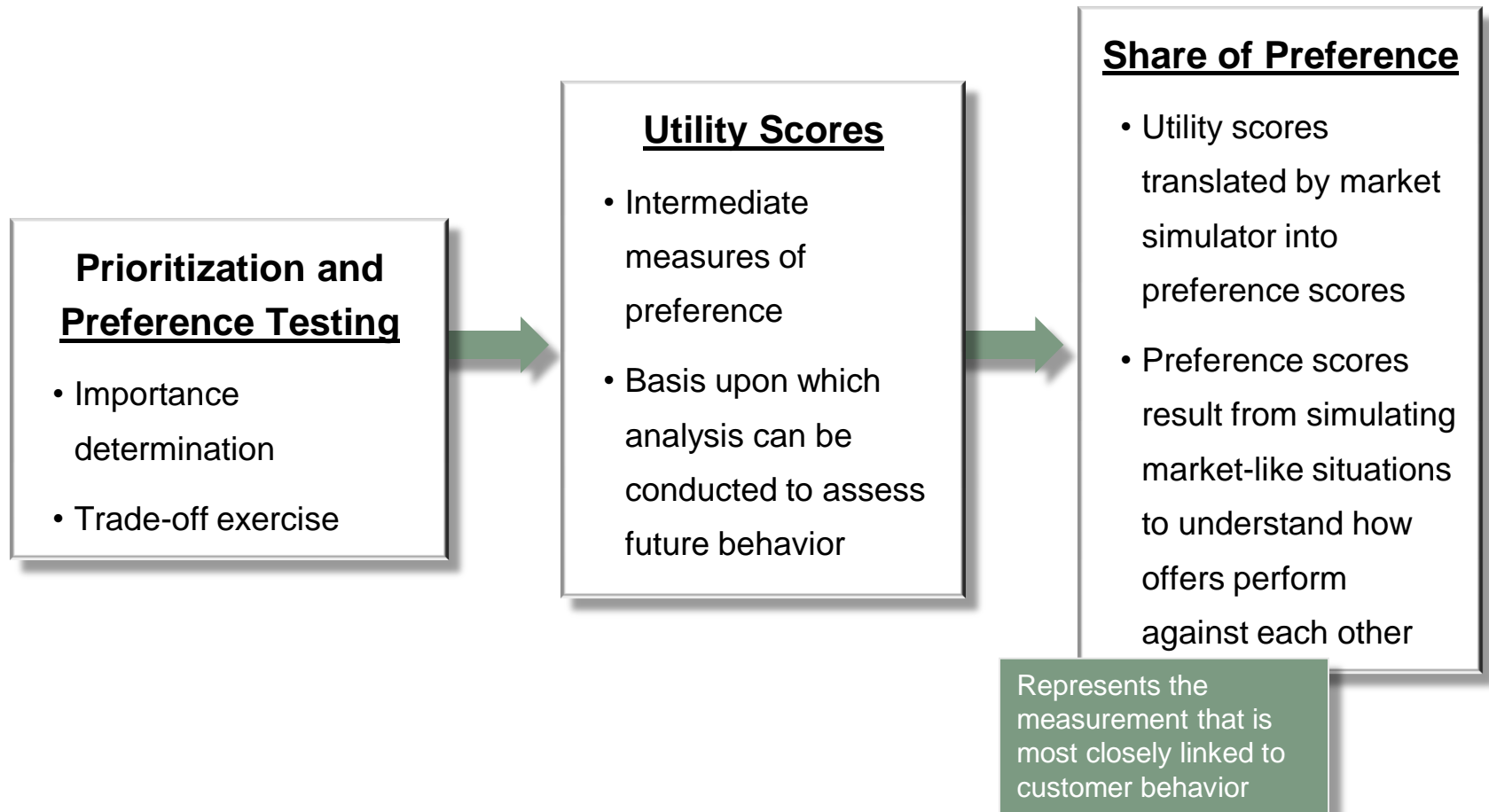
Impact on key experience metric:  
% increase  
% decrease  
Stay the same

<b>Fixed Task 1</b>
CTQ
CTQ

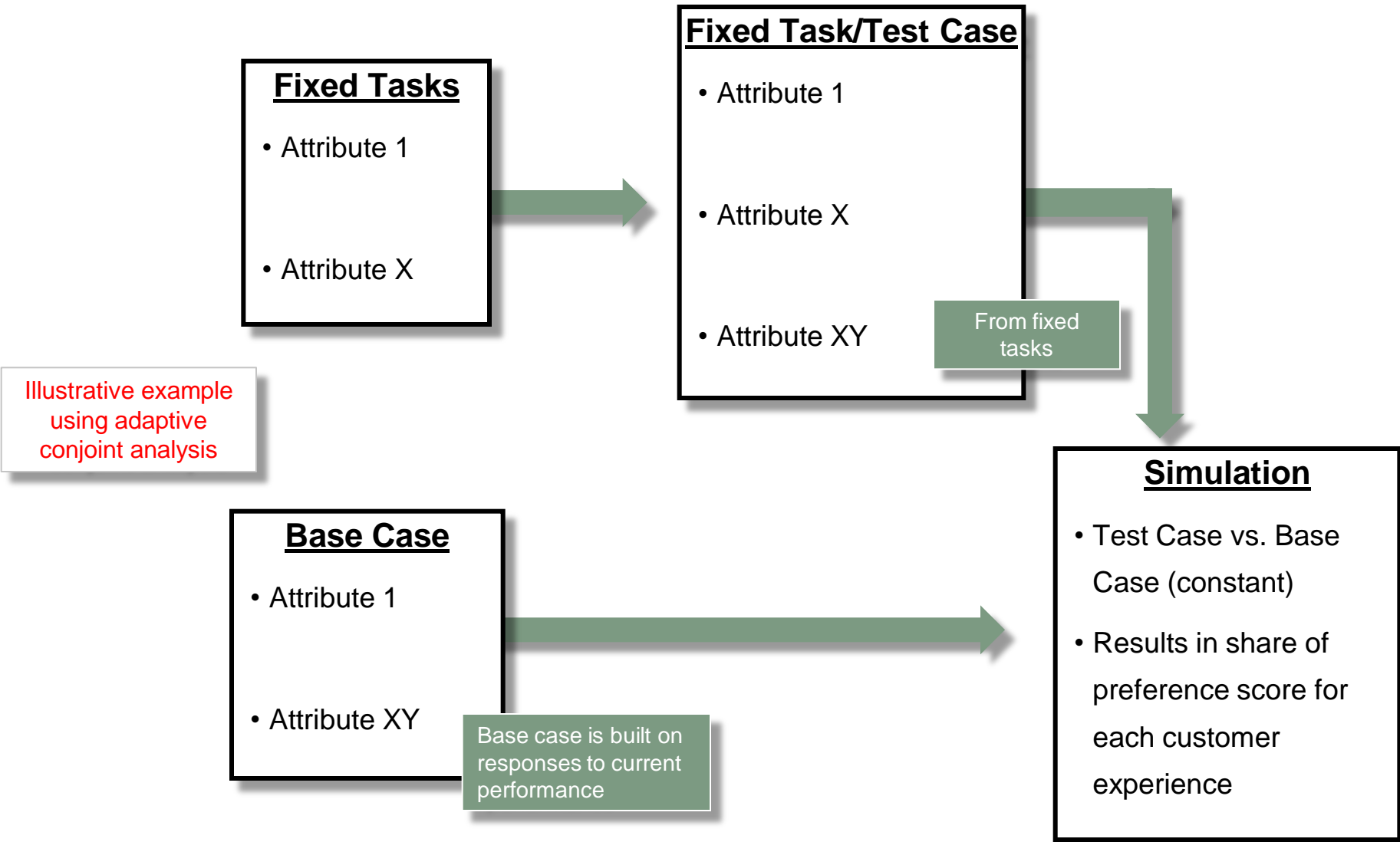
Impact on key experience metric:  
% increase  
% decrease  
Stay the same

Illustrative example using adaptive conjoint analysis

# A Focus on Quantitative: Analysis Process



# A Focus on Quantitative: Building the Model



# A Focus on Quantitative: Link Preference to Performance

## Develop Regression Models

### Share of Preference

(vs. Base Case)

Fixed Task 1 (XX%)

Fixed Task 2 (XX%)

Fixed Task 3 (XX%)

Fixed Task 4 (XX%)

Fixed Task 5 (XX%)

### Visits

### Continued Use

### Volume

XX

XX

XX

XX

XX

Stated results from survey respondents

XX

XX

XX

XX

XX

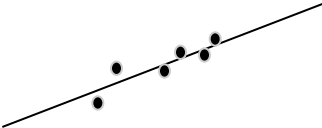
XX

XX

XX

XX

As simulated in the Share of Preference Model



Separate equations will be developed for each measurement as a pre-cursor for understanding the relationship between preference and movement for each attribute/level

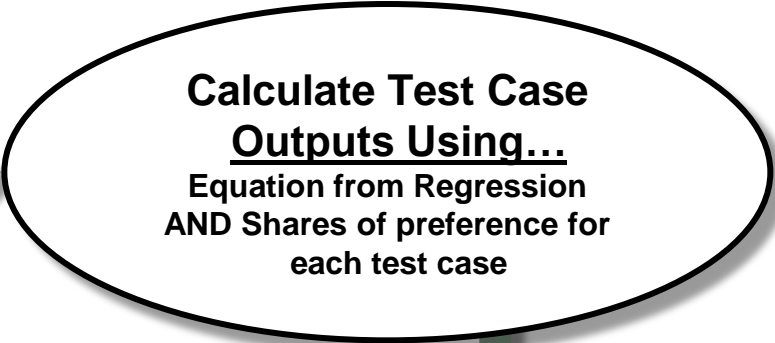
Output:  
 $y = -0.0002x^2 + 0.2294x + 7.0403$   
 $R^2 = 0.8772$

Illustrative example using adaptive conjoint analysis

# A Focus on Quantitative: CTQ Level Detail

## Simulate Test Cases vs. Base Case

Test Case 1	Attribute 1 Level 1	Share of Preference
Test Case 2	Attribute 1 Level 2	Share of Preference
Test Case 3	Attribute 1 Level 3	Share of Preference
etc...		



Illustrative example using adaptive conjoint analysis

Process is repeated for each measurement tested and sub-group to be analyzed:

- Process is used to understand the impact, on customer experience, of changing any one of the CTQs from the current level to some new level (either improvement or decline)

## Hypothetical OUTPUT:

CTQ / Attribute	Base Case Volume	Test Case Volume	Change in Volume
	<b>100.0</b>		
1. Amount of time you wait to talk to customer service rep on the phone			
• You do not wait on hold before talking with a customer service rep		110	10%
• You wait on hold 3 minutes before talking with a customer service rep		105	5%
• You wait on hold 5 minutes before talking with a customer service rep		100	0%
• You wait on hold 9 minutes before talking with a customer service rep		92	-8%



Base Case

# Beyond Baseline Measurements

- As with any point-in-time study, it is often important (and recommended) to understand how resulting changes in business practices affect experiences over time



- Tracking can be undertaken to keep a pulse on customer experiences, especially in light of changes in the marketplace and / or customer expectations
  - In addition to tracking key experience metrics, over time, it becomes possible to marry survey data to other internal customer database information, enabling experience-based modeling
- Customer targeting also becomes possible over time, with the development of segments that can then be used to score existing customer databases

# Questions and Comments

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- This brief presentation is intended to give you a sense of techniques we have used to help our clients improve experiences for their customers.
- If you have questions, feel free to “Ask the Expert” on the r2r Community website; or contact Melissa Jusianiec, Manager of Marketing Sciences, directly at [melissa@ksrinc.com](mailto:melissa@ksrinc.com).
- Thank you for your interest.