



## Don't Be in the 4%

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## Executive Overview

As the economy struggles to regain its footing and competition mounts, an increasing number of companies are taking action by fostering customer-centric cultures that enhance satisfaction and drive bottom-line profitability. A cornerstone of their approach centers around gathering, analyzing, and acting on the voice of the customer (VoC). By carefully crafting VoC programs, and leveraging customer feedback tools to support it, companies are increasing loyalty, lowering service costs, and boosting profits when and where it matters most.

The numbers speak for themselves. According to the Verint-Vovici Voice of the Customer Survey, published in January 2012, more than 40 percent of respondents' companies are using VoC to help improve their customer experiences. And many others are using VoC for everything from increasing customer lifetime value to boosting marketing performance.

From December 5 to December 11, 2011, enterprise feedback solutions provider Vovici, now part of Verint Systems, conducted an online survey on the current state of VoC initiatives in collaboration with customer strategy consultancy Peppers & Rogers Group. More than 80 companies with VoC programs responded, among them education departments, not-for-profit organizations, telecoms, and home security firms. The survey findings show that organizations hailing from a wide range of industries and company sizes are catching on to the value of VoC.

"Understanding what your customers are saying about you is critical to running any kind of business today," says Don Peppers, a founding partner of Peppers & Rogers Group. "If you don't monitor the feedback you receive from customers, you're flying completely blind, and that's pointless."

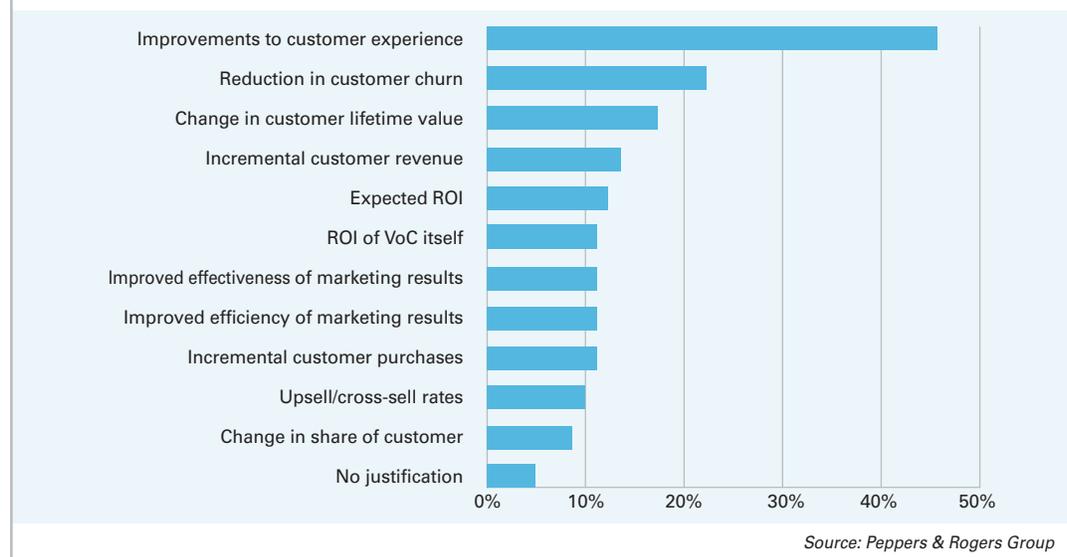


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FIGURE 1: **Business Drivers Leading to a VoC Initiative**

Nearly half of VoC initiatives are driven by proposed improvements in customer experience. Only 4 percent of initiatives don't have justification.



## A common goal

Undoubtedly, efforts to establish VoC initiatives have grown at exponential rates. What's more, companies now expect to achieve substantial improvements in customer retention and top-line growth from these targeted customer programs. But while there are countless business drivers for a VoC program, improving the customer experience is the most common reason cited, according to the Verint-Vovici VoC survey (see Figure 1, page 2). Reduction in customer churn ranked as the second most important business driver, followed by improving customer lifetime value. Only 4 percent of initiatives did not have any justification.

Additionally, improving the customer experience is the single largest use of VoC insight in respondent organizations, cited by more than 40 percent as their top VoC priority (see Figure 2). This is followed by gauging the overall health of the organization (33 percent), improving customer-facing processes (32 percent), and evaluating customer touchpoints (32 percent). This comes as little surprise to Nancy Porte, Verint-Vovici's vice president of customer experience. "We're living in a time when competitors can quickly figure out your pricing, how you're marketing your products, even how you're building your products. Companies can imitate these aspects very quickly," Porte says. "But it's impossible to imitate a great customer experience."

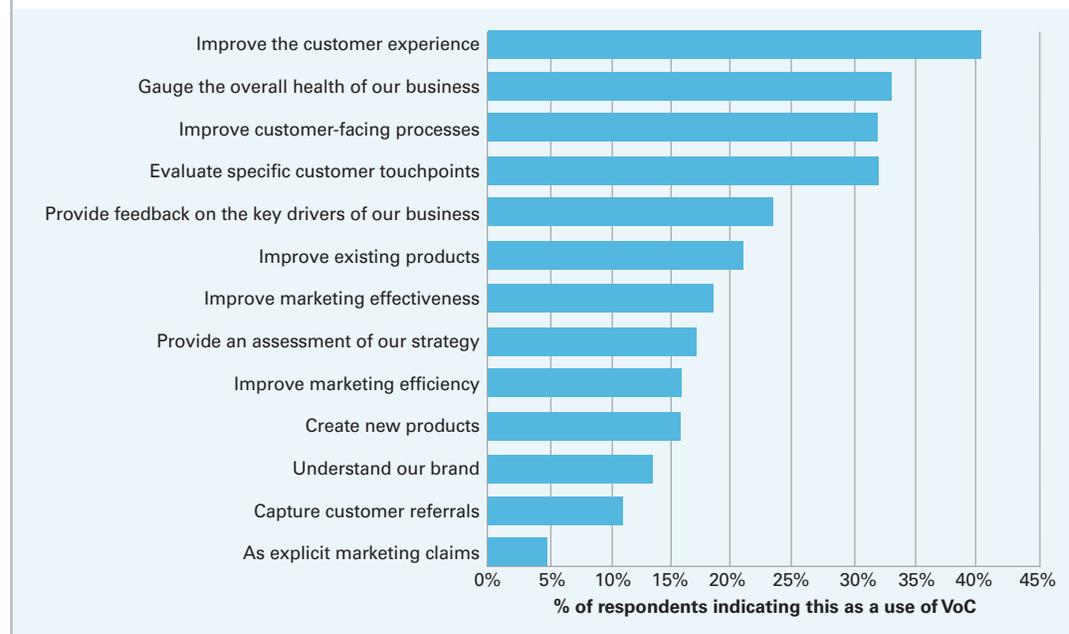
Although it's clear that VoC can help to create a competitive advantage, debate continues to swirl around the particulars of VoC as a business practice. How to leverage the data collected; how to connect VoC efforts to a hard, dollar-based ROI; which department is best suited to spearhead the program; how to secure buy-in from senior leadership—these are all questions that organizations are grappling to answer. The Verint-Vovici VoC survey reveals that by organizations tackling these challenges head-on, truly innovative approaches to VoC are emerging. And these strategies are helping companies capture customer loyalty and boost revenue.

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—Nancy Porte, VP of Customer Experience, Verint-Vovici

FIGURE 2: **How Are Companies Using VoC?**

Improving the customer experience is the single largest use of VoC in organizations. Improving customer-facing processes and evaluating touchpoints are also top priorities.



Respondents could select all uses that applied to their organization

Source: Peppers & Rogers Group

## Case Study: VoC Means Many Things

The Verint-Vovici VoC survey categorized VoC into five main areas to understand how organizations are capturing the voice of the customer. Each of the following areas is widely used.

**Event triggered:** Capturing the voice of the customer after some type of event, such as a purchase, contact with the organization, or some other customer-driven behavior.

**Regularly scheduled:** Regular, periodic efforts to capture VoC about product attitudes and usage, perceptions about brand and brand attributes, or feedback about marketing to improve effectiveness.

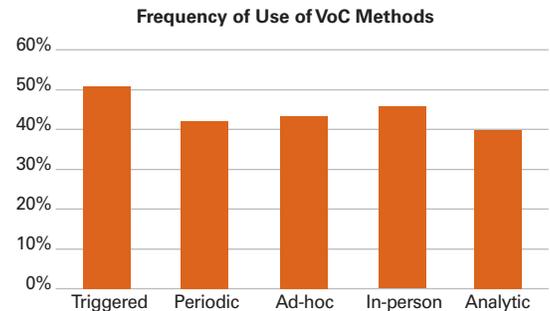
**Ad-hoc feedback:** Efforts to capture feedback on an ad-hoc basis; may include feedback about past purchases, touchpoint interactions, brand, marketing, or even feedback cards and unsolicited letters to executives.

**In-person:** May be either scheduled or ad-hoc, and may include a customer panel, focus groups of customers or prospects, reports from the sales team or executive visits to important customers, feedback at trade shows, or even employees who serve as a proxy for customers.

**Analytics-based:** Rather than capturing data, this approach uses analytics tools to analyze data that is created in operational systems; this can include voice analysis of contact center calls, text analysis of contact center records, social media tools to analyze Facebook or Twitter comments, or analysis of website and mobile app logs.

### Each VoC Method Is Widely Used

Survey respondents favor using multiple methods for capturing VoC.



Source: Peppers & Rogers Group

## A VoC Checklist

There are countless recipes for successful VoC programs, but a few key ingredients can make the difference between an initiative that simply delivers information and one that provides insight used to positively impact a company's profitability.

### Here are five recommendations for creating a winning VoC strategy:

**1. Connect the dots.** More than simply a way to address customer concerns, a carefully crafted VoC program can have a significant impact on a company's bottom line. However, many firms struggle to create a direct link between feedback and profitability. Nancy Porte, Verint-Vovici's vice president of customer experience, offers a solution: "Figure out what your ROI should be as you're creating the program, not down the road. A VoC program should tie directly with your reason for starting the initiative in the first place."

**2. Prepare for change.** Create a VoC process that includes taking action on insight gathered as one of its key steps. "The most important thing for an organization to do with its VoC data is to adapt," recommends Don Peppers, a founding partner of Peppers & Rogers Group. "The cycle time for customer feedback is rapidly shrinking, so the most important thing that you can do with customer data is to adapt to changing circumstances and customer attitudes."

**3. Don't go it alone.** VoC should be a "collaborative process" rather than a solo effort. "You need to make

sure that you have the resources necessary to help you from the market research side, the reporting and analysis side, and even in terms of company culture by working closely with human resources," Porte says.

**4. Seek sponsorship.** Before your VoC team members begin patting each other on the back, remember: senior-level support counts. "A VoC initiative takes executive sponsorship," advises Dave Capuano, Verint-Vovici's vice president of marketing. "The business needs to believe that the customer experience and a VoC program are strategic to an organization, and that starts at the executive level."

**5. Pace yourself.** With its promises of enhanced customer satisfaction and increased sales, many companies are tempted to charge full speed ahead with their VoC program. That's a mistake, according to experts. "Dip your toe in the water and see what it feels like first," Peppers says. "Start a VoC program in a small but ambitious way, and constantly ask yourself what more you can do with the data you're collecting."

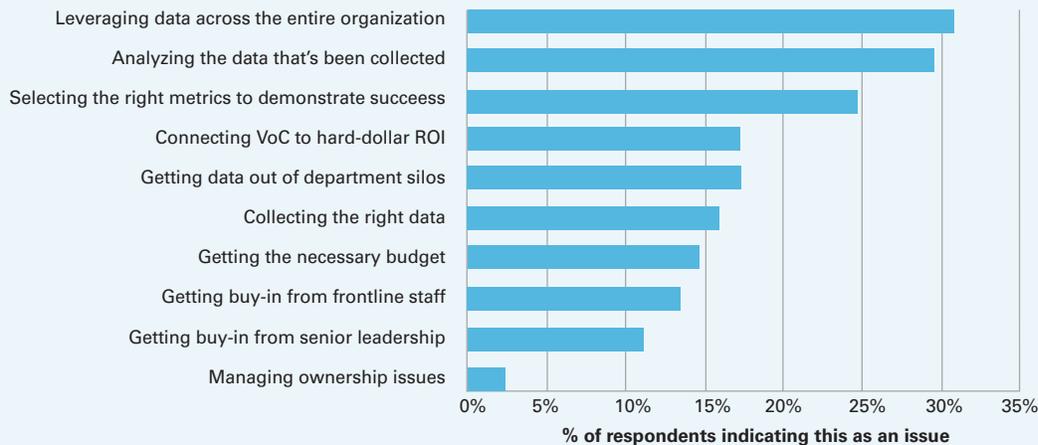
## Data Mining for the Enterprise

VoC initiatives can generate reams of valuable data, which is as much of a challenge as it is an opportunity. In fact, “leveraging data across the entire organization” was cited as the top issue with VoC initiatives (see Figure 3). This was followed closely by “analyzing the data that’s been collected.” While it’s possible to collect data on an enterprise-wide basis, converting this information into actions that benefit disparate internal departments isn’t always easy.

“People are amazing at collecting data, but they’re often less skilled at creating insights out of it and spreading them throughout the whole organization,” says Verint-Vovici’s Porte. “Data is great, but it rarely means anything unless you’ve figured out exactly what that data is saying—and what you’re going to do about it.”

**FIGURE 3: Top Challenges with VoC Initiatives**

Leveraging data across the entire organization and analyzing the data that’s been collected are the top two issues with VoC initiatives.



Respondents could select all challenges that applied to their organization

Source: Peppers & Rogers Group

Just ask survey respondent Toni Hendrix, chief customer officer at the New Jersey Performing Arts Center (NJPAC). For Hendrix, the solution entails mining the VoC system’s data for emerging trends among various audience demographics and scheduled performances. By flagging common concerns among a wide range of guests and events, Hendrix says she’s able to “focus on what’s actionable, rather than on a raw number, [to get to] where the real value is” for the enterprise as a whole.

For example, the NJPAC’s VoC data recently revealed that attendees were struggling to find their way out of the center’s underground parking structure. “There was absolutely no signage anywhere that told you where you were, how to get out, or where you were going, and it had been that way for 12 seasons,” Hendrix says.

Based on this feedback the center immediately added overhead signs pointing to parking lot entrances and exits. “Nothing in a number would tell you [the need for new signage],” says Hendrix. “But by looking at what the customers across the board were saying—and what’s behind their scores—we found out.”

## An integrated approach

Another issue respondents are addressing is data silos. For years most organizations have taken a decentralized approach to collecting and analyzing VoC data. No wonder 17 percent of survey respondents cited “getting data out of department silos” as one of the top challenges of VoC initiatives.

Consider Defender Direct. The home security and satellite service provider recently launched a VoC program that involves sending an online survey via email invitation to every customer that installs a security system. Although pleased with the program’s nearly 15 percent response rate and the amount of data collected, Valory Myers, Defender Direct’s marketing research director and a Verint-Vovici VoC survey respondent, says a data integration plan to enhance the program’s overall value is under way.

“Right now all the data is collected with a single survey reporting tool,” says Myers, “but it doesn’t include an agent’s name, branch information, or a field technician’s name, so we really aren’t able—in an automated way—to push those results out on an employee level” to modify behavior or make real-time course corrections.

To facilitate collaboration until the integration is complete, Myers reports regularly to Defender Direct’s business improvement team, a group of senior executives from various internal departments, to determine what additional data should be collected and how it should be integrated to bring about positive, enterprise-wide changes in the near future.

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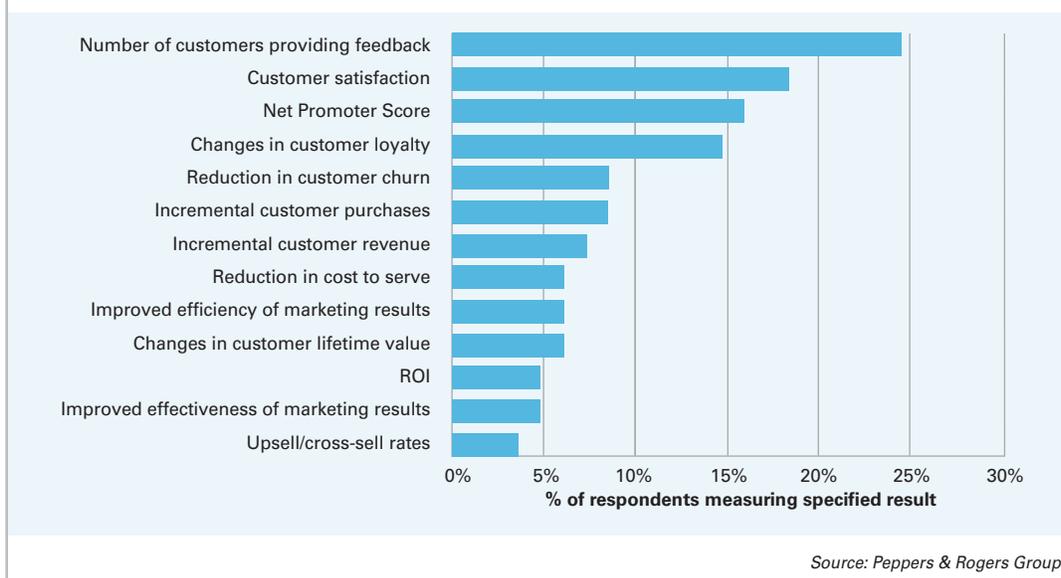
## Metrics that count

Peering beyond customer scores and collaborating across teams to get to the heart of the matter are innovative ways to derive value from a VoC program. Another strategy is to select the right metrics to properly analyze the data being collected. According to the Verint-Vovici VoC survey, 63 percent of respondents measure some type of results from their VoC initiative (see Figure 4). The number of customers providing feedback is measured most frequently (24 percent), followed by customer satisfaction (18 percent), Net Promoter Score (16 percent), and changes in customer loyalty (14 percent).

With organizations drowning in data, it’s critical that companies find new ways to derive value

FIGURE 4: **What’s Being Measured?**

How many customers provide feedback is being measured most frequently. Less than 5 percent of respondents are measuring hard-dollar ROI.



from all those bits and bytes. For survey respondent Karl Sharicz, the answer to the question of what to measure begins with a “statistically sound sample set.” Sharicz is the manager of customer intelligence at SimplexGrinnell. The provider of fire detection, security, and safety systems conducts 15,000 surveys a year—100 per office—and boasts a 100 percent response rate. “When you set a target like that, the calls keep getting made until you reach your goal,” Sharicz says. “If you have to call 200 or 300 people to get the survey done, you call them, because that’s what will give us enough of a sample size for the metrics to mean something.”

The metric SimplexGrinnell focuses on most is a formula similar to Net Promoter Score, which the company calls Net Customer Advocacy. It’s a five-point scale that allows SimplexGrinnell to not only uncover detractors, but also to determine the reason for the scores. By adjusting business processes that aren’t meeting customer expectations—uncovered through its VoC surveys—SimplexGrinnell increased its Net Customer Advocacy score by 34 percent over three years.

## Small Victories, Big Gains

A large-scale VoC deployment like SimplexGrinnell’s can shed light on customer satisfaction, churn rates, and marketing effectiveness. But linking customer feedback scores to bottom-line benefits is an elusive proposition for many companies, as highlighted by Verint-Vovici’s VoC survey findings. Less than 5 percent of respondents are measuring ROI (see Figure 4), which suggests that many organizations aren’t clear on the hard-dollar value they’re deriving from the VoC.

It’s a situation that Reginald Chatman, director of customer advocacy at SanDisk, plans to avoid by establishing a series of short-term milestones for the flash and memory card manufacturer’s nascent VoC campaign.

“You want to make sure you not only have a strategic plan, but also a short-term plan for generating some small wins,” says Chatman, who is also a Verint-Vovici VoC survey respondent. “It takes time for a VoC program to develop and for the benefits to accrue on your investment, so you really need to find some small wins—some low-hanging fruit—to measure how effectively you’re improving the customer experience.”

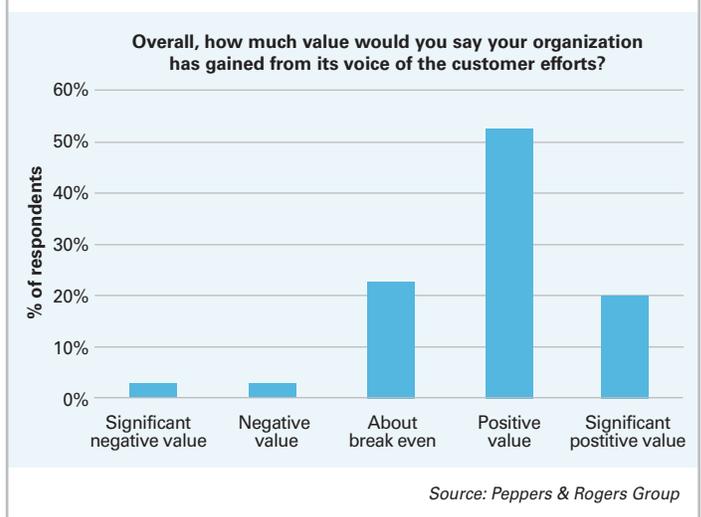
Although SanDisk is in the early stages of creating its VoC program, Verint-Vovici Vice President of Marketing Dave Capuano says Chatman’s on the right track. “There are plenty of businesses out there that can quantify the value of their VoC program as it relates to impact on revenue and shareholder value,” Capuano says. “My advice is for organizations to decide on the metrics they’re going to measure and the value they present to the organization, as well as to understand whether the business requires hard ROI versus soft ROI as a mechanism to justify funding and program expenditures.”

By establishing clear-cut criteria for ROI from the get-go, companies stand a better chance of linking a VoC program’s outcome to business results like cost savings, revenue gains, and increased retention, Capuano says.

Whether or not companies measure the specific results of their VoC initiatives, those programs will only continue if the organization sees value in them. According to the Verint-Vovici VoC survey, 95 percent of respondents say that their VoC initiatives are breaking even or generating positive value (see Figure 5).

**FIGURE 5: The Value of a VoC Initiative**

Whether results were measured or not, respondents were asked to estimate the overall value of their organization’s VoC initiative. All but 5 percent of organizations are breaking even or generating positive value.



## The voice of the customer

Along with showing value, VoC initiatives need support for ongoing success. Some organizations create that support in part by who oversees their VoC efforts—and by how they ensure that changes will be made or action will be taken based on the information those efforts uncover.

According to the Verint-Vovici VoC survey, marketing runs most VoC programs. In fact, 25 percent of the survey respondents indicated that marketing takes the lead on VoC (see Figure 6). However, a dedicated customer experience department is also surfacing in a large number of organizations (13 percent). That’s encouraging news, says Defender Direct’s Myers. By including various department heads in decisions that impact customer-centric behavior, Myers believes that the company’s VoC program will eventually permeate all business process improvement activities.

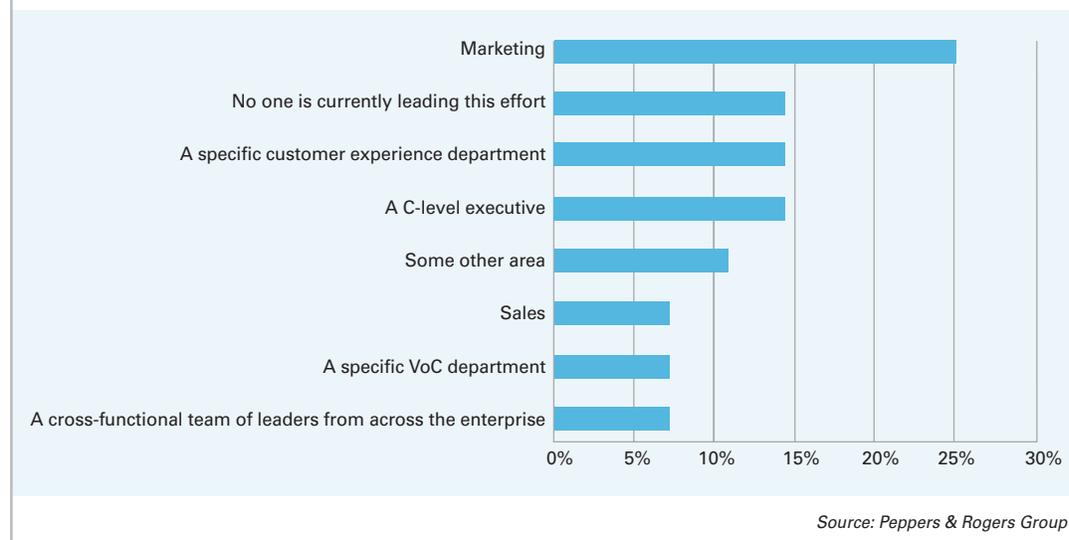
In fact, companies like Defender Direct and SimplexGrinnell, which take a centralized approach to VoC, often do so to help gain buy-in from across the organization. Other goals of a centralized approach include creating a holistic view of the Voice of the Customer from all of its sources and having a team responsible for ensuring that action is taken on the insight gathered and learned from VoC efforts.

**“When the job was offered to me I interviewed my employer to make sure the company was really committed to its VoC program and making an investment.”**

*—Reginald Chatman,  
Director of Customer  
Advocacy, SanDisk*

FIGURE 6: **Marketing Takes the Lead on VoC**

Marketing often oversees VoC. However, a dedicated customer experience department is also present in numerous organizations. Unfortunately, too many companies still have no one leading their efforts.



## The importance of executive endorsement

Even integrated customer feedback and cross-functional collaboration are of little consequence until there’s consensus to make real change based on the insights gathered from the VoC. Not surprisingly, Verint-Vovici VoC survey respondents consider getting buy-in from frontline staff (13 percent) and from senior leadership (11 percent) among VoC’s top challenges (see Figure 3).

SanDisk’s Chatman is among those who know how difficult buy-in can be, so he handled it proactively. “I made senior-level support conditional to my employment,” he says. “When the job was offered to me I interviewed my employer to make sure the company was really committed to its VoC program and making an investment.”

Executive-level commitment is essential for enterprise-wide VoC to succeed, but employee engagement is just as critical. After all, employees are on the front line, are integral to customer experience, and often boast a better understanding of the customer than executives who may

be removed from day-to-day customer interactions. For this reason, Peppers & Rogers Group’s Peppers says that senior management must grant their employees the authority to rapidly respond to customer issues based on a VoC program’s directives.

“You need to be able to trust and empower employees who are on the scene to take action on behalf of the company,” Peppers says. “If you want to act on the data you’ve collected, then you have to create a sense-and-respond mechanism in the organization.”

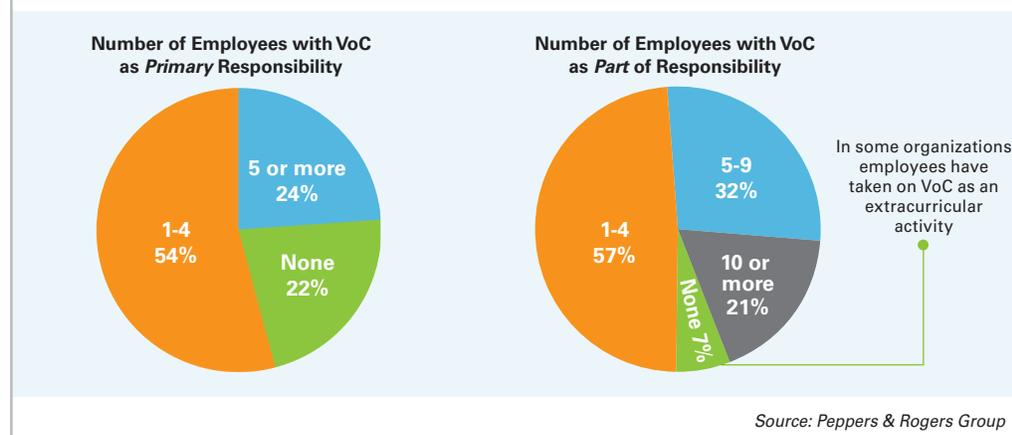
Peppers also recommends getting employees involved in VoC. This may entail creating a process for getting input from frontline staff on customer comments, complaints, and ideas. Additionally, some organizations that use project teams to oversee VoC assign select frontline employees to participate as part of their job responsibility—93 percent of Verint-Vovici VoC survey respondents do so. Other companies appoint a number of employees to focus solely on VoC. More than half of respondents say that their company has between one and four employees whose primary responsibility is VoC (see Figure 7). About a quarter have a VoC team of five or more employees. This participation demonstrates these firms’ commitment to VoC.

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Founding Partner,  
Peppers & Rogers Group

**FIGURE 7: Most Organizations Have Small VoC Teams**

More than 40 percent have taken on VoC internally. Of those working with a partner, most prefer a marketing research agency or a customer experience consulting firm.



## Conclusion: A new twist on VoC

As long as companies aim to enhance their customers’ experiences, improve customer loyalty, and increase profitability, there will always be a demand for VoC programs and supporting tools. And challenges will always accompany even the most carefully crafted initiatives, whether it’s securing senior-level support or deriving meaningful insight from VoC data. Fortunately, as Verint-Vovici’s VoC survey reveals, many companies are finding new and innovative ways to address these issues and foster a truly customer-centric culture, one that uses VoC insight to make customer-driven improvements throughout their organizations—and improve business performance as a result. ■

## About Verint-Vovici

Vovici™, a Verint® Systems company, is the leading provider of intelligent online survey management and feedback solutions. Powerful, scalable, and easy to use, Vovici's solutions help companies engage customers, employees, and partners to increase loyalty, facilitate innovation, and influence critical business decisions. More than a thousand organizations worldwide, including more than half of the Fortune 500, rely on Vovici to turn information into action.

For more information, visit [www.vovici.com](http://www.vovici.com)

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## Peppers & Rogers Group

Peppers & Rogers Group is dedicated to helping its clients improve business performance by acquiring, retaining, and growing profitable customers. As products become commodities and globalization picks up speed, customers have become the scarcest resource in business. They hold the keys to higher profit today and stronger enterprise value tomorrow. We help clients achieve these goals by building the right relationships with the right customers over the right channels.

We earn our keep by solving the business problems of our clients. By delivering a superior 1to1 Strategy, we remove the operational and organizational barriers that stand in the way of profitable customer relationships. We show clients where to focus customer-facing resources to improve the performance of their marketing, sales, and service initiatives.

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