



ROX* can be optimized by combining O-data and X-data

Knowing the value exchange to and from the customer enables companies to do the right things and do things right

Some of the main strategic questions, organizations are asking themselves today are: “What is the value of customer experience? Are we investing enough in customer experience? Where and how should we invest?”

Obviously, companies do invest in customer experience for a reason more than just to please the customer. One expects the investment to lead to improved loyalty and cross- and up-sales, reduced risk of churn and increased referrals; in other words, an increased customer lifetime value.

Few companies do actually succeed in optimizing the ROX (return on customer experience).

We are strong believers in that a company can only succeed in doing the right things and doing things right, when operational data (O-data) and experience data (X-data) are combined and analyzed properly before investments in customer experience are made.

Let’s look closer at these two data-areas.

O-data is about understanding transactional data like volumes, margins, revenues, frequency, recency, as well as relevant

non-financial customer data, e.g. channel preference, demographics and consumption behavior. This type of data can either be found in the company’s different systems, or can be bought externally from companies like Bisnode, UC or InsightOne.

O-data should be analyzed in order to understand the value of the customer relationship for the company. Value can be expressed in different ways, for example profitability, potential and churn risk. Based on the value a customer represents it will be easier to make decisions on how much to invest in the relationship. Additional insights obtained can be used to make decisions on offerings, service levels, communication and channels.

Figure 1 illustrates how O-data can help companies to segment their customer base and to describe the customers with detailed operational information.

On the other hand, X-data (Experience data) is about measuring and analyzing customer feedback, e.g. through Voice of Customer programs (VoC). A VoC-program usually contains Net Promoter Score (NPS) or Customer Effort Score (CES) and text analytics results from written customer feedback from feedback programs, customer service logs or social media activities.

Typically, a company should start with establishing a Voice of Customer program where a baseline measurement is done

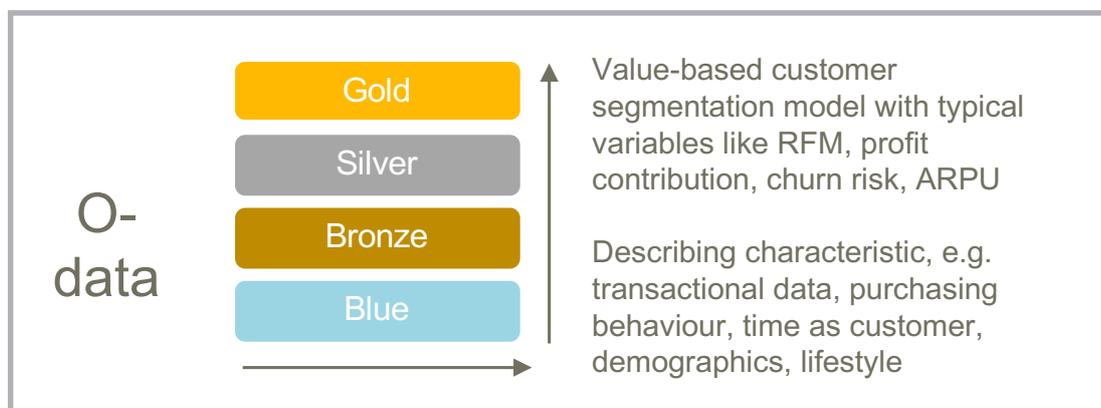


Figure 1

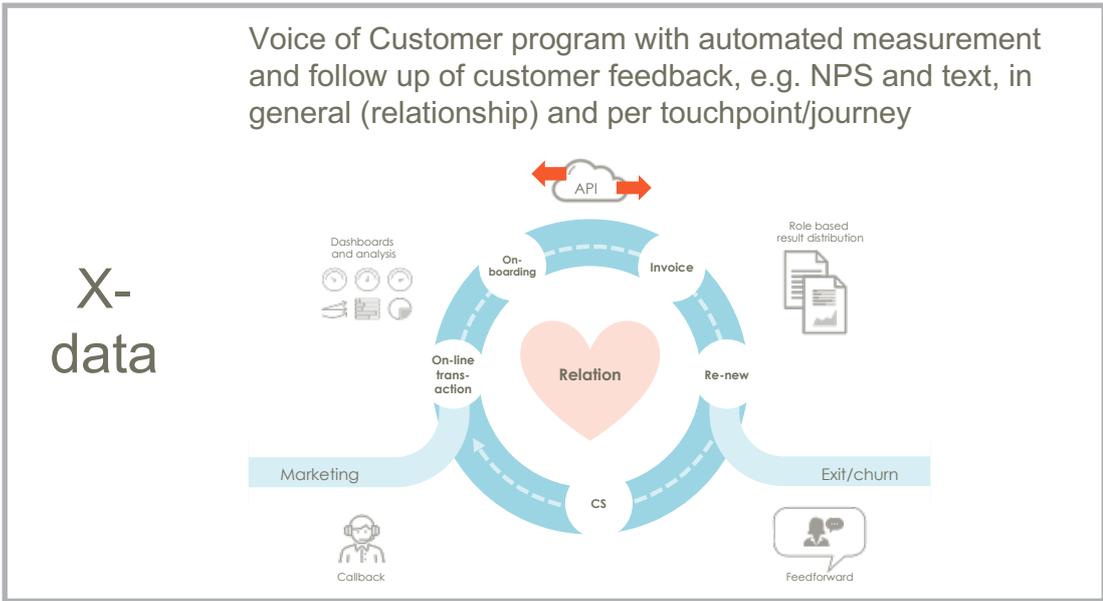


Figure 2

with regards to a general relationship score (e.g. strategic NPS) and with regards to customer experience scores related to some key customer journeys and touchpoints.

Typical journeys or touchpoints to start measuring are the purchase experience, onboarding journey, complaints handling, etc. Figure 2 illustrates this.

Text analytics tools are particularly strong to ensure that real customer emotions will be understood and turned into actionable insights.

customer profitability has a considerably higher average NPS score than the other, blue segment.

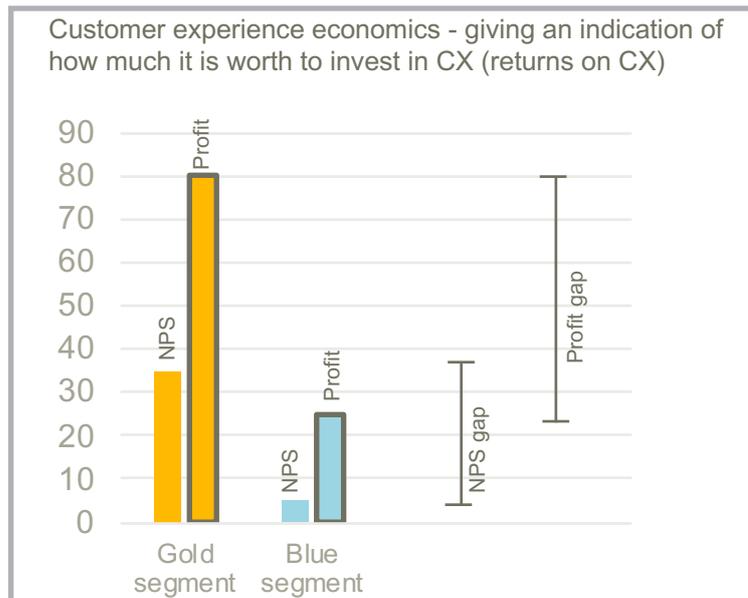
When analyzing this and even analyzing customer feedback through text analytics the result will be an indication of possible actions on how to drive customers in the blue segment up towards the gold segment. At the same time, it will become clear what to do to retain gold customers and

Figure 3

The power of X-data and O-data combined

The real value of insights based on O- and X-data arises when they are combined. To be able to understand the correlation between for example customer profitability and customer experience feedback (e.g. NPS or text analytics) is a powerful tool that enables companies to be much more precise in allocating resources when developing offerings, campaigns or service levels.

In figure 3 we introduce CX economics as an important aspect in the context of ROX. The gold segment with the high average



Which customer journeys and touchpoints need to improve, and how, in order to improve NPS/profit?



Figure 4

to make them even more profitable. Which customer journey and touchpoint do we need to improve, how and what is it worth (see figure 4)

Differ Strategy Consulting, in cooperation with its sister company Feedback Lab by Differ, has hands-on experience of driving B2C and B2B initiatives in different industries, where we have combined O- and X-data and generated completely new insights into existing customer bases, integrated in automated dashboards, and developed strategies and plans for optimizing both customer experience and customer lifetime value.

We support companies in realizing these strategies and plans and help them designing new governance structures. These structures ensure that around prioritized customer segments and critical customer journeys, teams with clear responsibility are built and that the improvement initiatives are driven in an effective way.

Let us know when you would like to discuss ROX for your company!

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