

Finding Great Within Your Organization

How to Leverage Data
for a Winning Customer
Experience Strategy

Medallia





INTRODUCTION

Creating meaningful customer experiences is critical to drive retention and gain a competitive advantage in today's evolving world. As a leader you need to implement a successful customer experience strategy that leverages the insights and the rich customer signals, also known as data, your organization has collected. By harnessing the power of your customer experience data, you can transform wins into best practices, correlate data, and find areas of improvement. Seeing the greatness within your organization will be the critical formula of a successful customer experience strategy.

Discover Your 'Secret Sauce' to Superior Performance

When a nationwide restaurant chain had continuously seen lower scores within a specific region of the country, they wanted to understand further where they could take action. Their initial hypothesis was that the low scores were due to customers within that region being more critical when it came to scoring than the rest of the country. To understand why this was happening, they turned to the Medallia Strategy Analytics Team (MSAT) to further explore the data for that underperforming region so they could determine how to improve performance.

The MSAT got to work and uncovered some fascinating findings. First, they unveiled that not all of the restaurants within that region scored harshly by customers. Some locations were in the top 10% of performers nationwide. Next, they found that two restaurants, only a few miles away from each other, had complete opposite customer scores. The most significant difference was in performance on satisfaction with staff.

Focusing inward on a location-by-location level allowed the restaurant operator to identify leading and laggard performers in their own business that were only a few miles apart.

Understanding the leader and laggard data allowed the corporate team to hone in on the areas they needed to focus on. The leader's performance let the corporate team know what customer experience practices they could replicate. Unlike external benchmarks, it also allowed the corporate team to learn the 'how' or secret sauce to getting to that level of superior performance.

The corporate team's next step was to examine other operational factors such as location characteristics (age, layout) or management team attributes that differed between the leader and laggard locations. Combining the customer experience and operational data allows the restaurant operator to build a complete view of which factors drive some areas to outperform their peers. It also allows them to intimately understand the best practices that leaders are adopting in their establishments. They can then scale these practices across the rest of the organization.



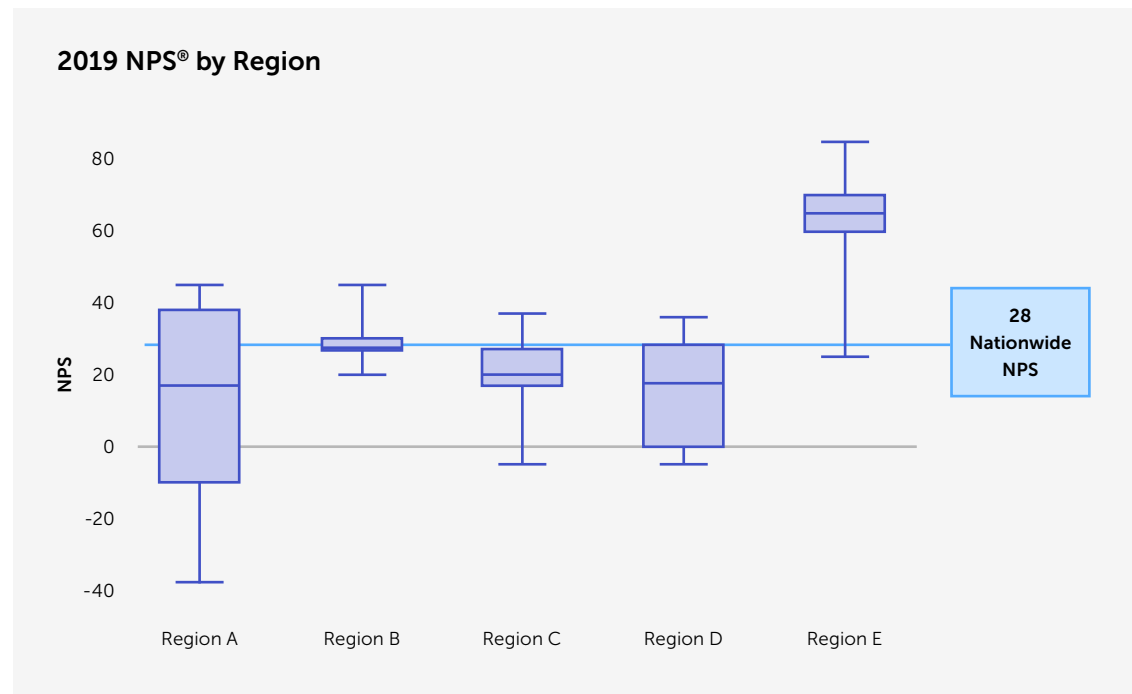
Find Great Within Your Organization

Using Structured Score Data

One way to go about this is to proactively understand your organization's performance, moving top-down from your overall performance to a more granular level such as region. The MSAT recommends starting at the top, gauging overall performance on your preferred outcome metric, such as Likelihood to Recommend. Then assess the distribution of that score across regions, sub-regions, and locations. You could leverage a box plot visualization to obtain the percentile scores and variance. You can diagram a company's overall performance metric to quickly surface top and bottom performers at each level. Let's take the example of a region that you see is performing worse than the national performance. **Do you see a higher variation in scores within that region in the visualization?** If yes, this shows that there may be an opportunity to find great within your organization.

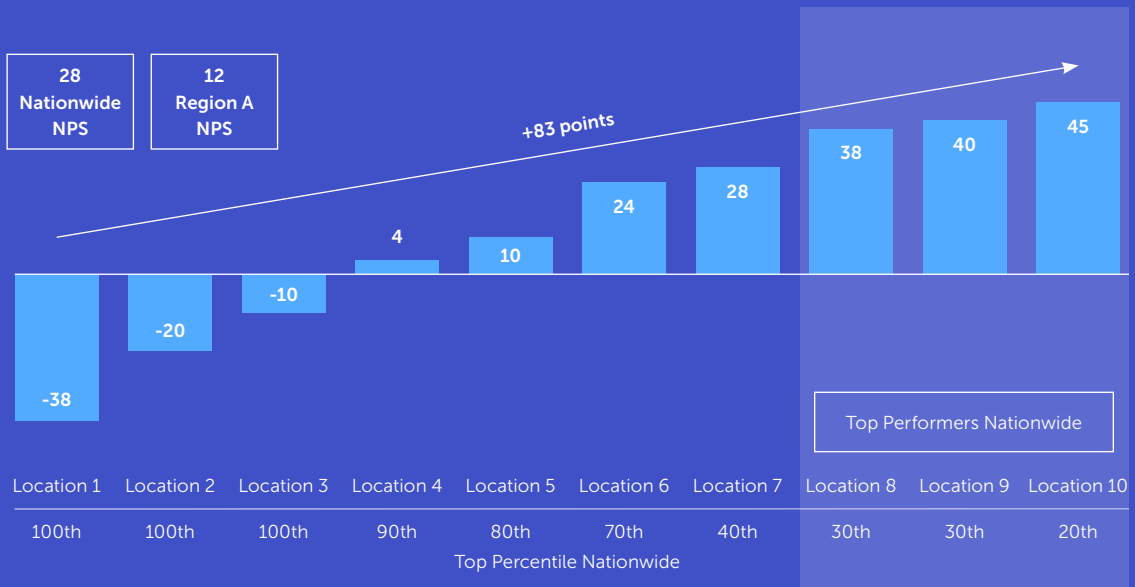
In the visualization below, Region A has a median performance similar to Region C and Region D. However, the box's height depicts high variation, indicating specific locations within Region A are pulling its overall performance down a lot more

than others. Additionally, some regions appear to be outperforming others and could serve as examples for the rest of the organization that should be further explored.



2019 Net Promoter Scores: Region A

While NPS across locations in Region A have a high variance, there are a few locations that have been able to achieve an NPS that is higher than the nationwide NPS



Next, you should rank the performance within that region and identify the top and bottom performers, which will shed more light on the reasons for variations in performance. This ranking can be supplemented with an analysis to determine where these locations stand within the organization overall. For example, in the bar chart above, you can see that Location 1 is

a bottom performer. In contrast, Location 8 (which is only a few miles away) is not only a top performer within Region A but also doing well nationwide.

Alternatively, you could start at the bottom and work your way up, for example, regional managers proactively comparing locations within their region that are similar to each other and track performance over time.

Start with the outcome metric and look at how the performance varies across locations that are in close proximity to each other. Use a time measure that is meaningful to your business, such as month-over-month. You can plot a simple trending line chart where each line represents an individual location.

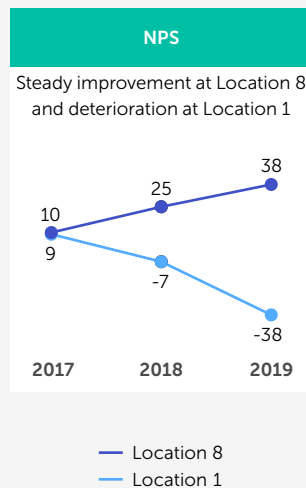
Comparing left and right performers on metrics over time is an effective way to help expose isolated incidents to look for in the future and also identify who is deteriorating/improving over time.

Does the gap between the lines widen/decrease over time or do you just see occasional spikes and dips? In the example below, Location 1 seems to be worsening over time, whereas Location 8 shows improvement. It is also important to note that both locations started out with similar scores in 2017.

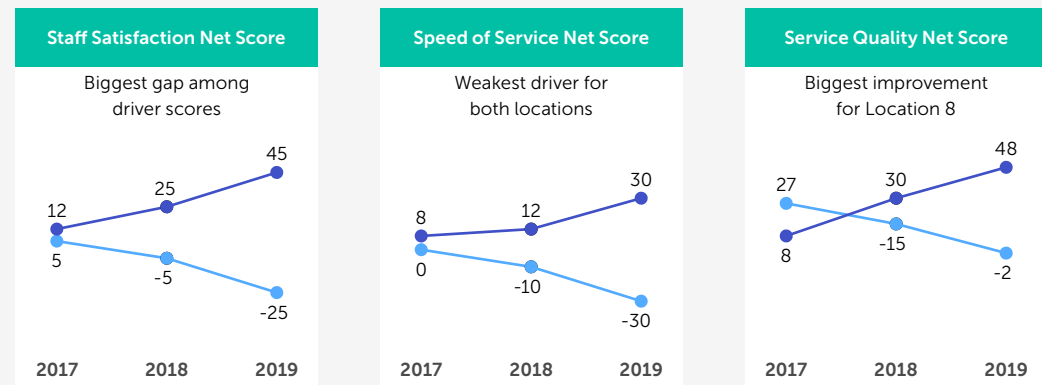
You should run this analysis over the outcome and over other drivers that can help explain the outcome. Do you see top performers that seem to be doing something right period after period? The top performers are who you should learn from to understand the art of the possible.

Location 8 has improved over time on all sub-drivers in the figure above, whereas Location 1 appears to be deteriorating. The most significant performance gap seems to be on Staff Satisfaction.

Medallia® has the tools to set you up to conduct this type of exhaustive comparison. Ranker is a reporting functionality that can allow you to identify your top and bottom performers quickly.



2017-2019 Service Sub Drivers for Location 8 vs. Location 1



While sub-driver scores have been improving in Location 1, they have been declining in Location 8. The biggest gap in net scores was seen in 2019 for Staff Satisfaction

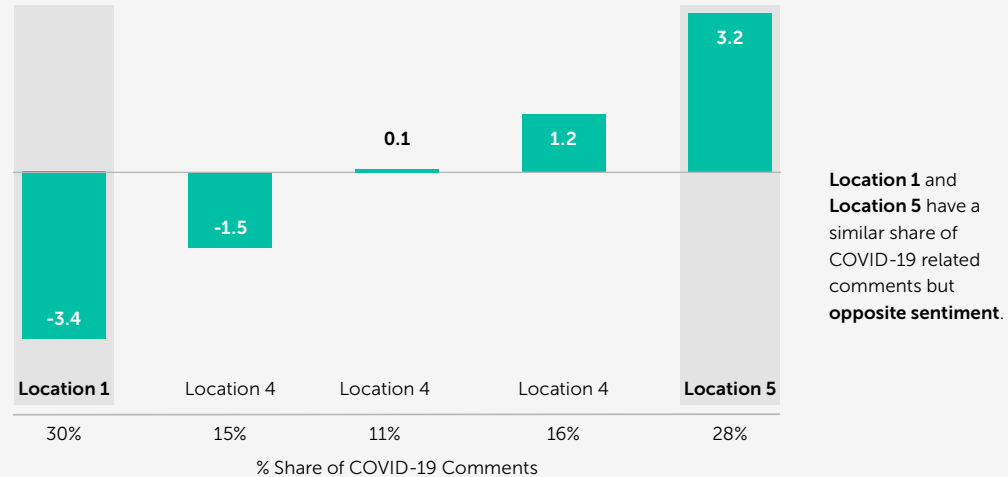
Using Unstructured Verbatim Data

You can also use your customer verbatims and associated metrics to surface higher-level differences between top and bottom performers and understand the secret sauce that makes one different from another. Medallia Text Analytics shows you how specific topics in the verbatim data have a positive or negative impact on NPS. One retail chain leveraged Medallia's verbatim topic tagging and Ranker functionalities to surface differences across locations within the same region. It turned out that verbatims from two locations within the same region about the COVID-19 pandemic had a vastly opposite impact on NPS scores. Upon diving into the verbatims further, the differences could be attributed to one location having fewer mentions of out of stock items and more mentions of excellent service.

Additionally, you can also leverage alerts to identify parts of your organization that are repeatedly receiving praise or complaints. By interviewing those that are receiving recognition, you can learn what they are getting right and implement those best practices within your organization.

NPS Impact of COVID-19 Verbatims Across Region A

Locations with a negative impact on NPS can improve by learning best practices deployed at top performing locations within Region A



How are Medallia customers finding & acting on great within their organizations?

One financial services company redesigned its customer experience program by learning from both its top and bottom performers. The company first used an internal, metrics-driven benchmark to identify the locations that had the best and worst customer scores.

A cross-functional team was sent out to observe and interview the top ten and bottom ten locations to understand what was driving success with customers — a practice-driven benchmarking strategy. The team then shared what it had learned and scaled the practices that worked best by putting them in place across the organization.

Paint the Complete Picture

When doing internal benchmarking, look for performers similar to each other from an operational standpoint. You paint the complete picture by blending in your customer experience responses with existing operational data.

It is highly beneficial to do this because it helps you surface root causes quicker. Having the operational insight alongside the customer experience signal equips you to know where to take action. For example, you should factor in essential attributes that could affect the overall location performance, such as the last renovation date, manager tenure, performance, property layout, accessibility, capacity, etc. Bringing all this data in can help identify and quantify root causes. For example, the wait time at a particular restaurant is much longer because the distance between its kitchen and its tables is significantly larger than it is at other restaurants. This could then lead to a discussion around better layout or restructuring options to help shorten the wait time.

Medallia Experience Cloud APIs facilitate the import of your operational data to perform holistic analysis seamlessly. Following this, Medallia's Auto Importer can then be used to validate and clean the data so that you can access it.

Interviewing teams at high-performing locations helps build a deeper understanding of how they provide a superior customer experience. Combining quantitative customer experience data such as NPS, key driver scores, topic impact scores, and the operational data described above with qualitative data from informational interviews builds a complete holistic picture of what leader locations are getting right.

Share Leaders' 'Secret Sauce' with the Rest of the Organization

Once you have identified the winning formula, the next step is to share it with the rest of the organization. Consider leveraging various formats such as case studies, best practices, and multiple

channels such as newsletters or internal social media platforms to disseminate information. Also, consider creating knowledge forums where top performers can directly share best practices with the organization.

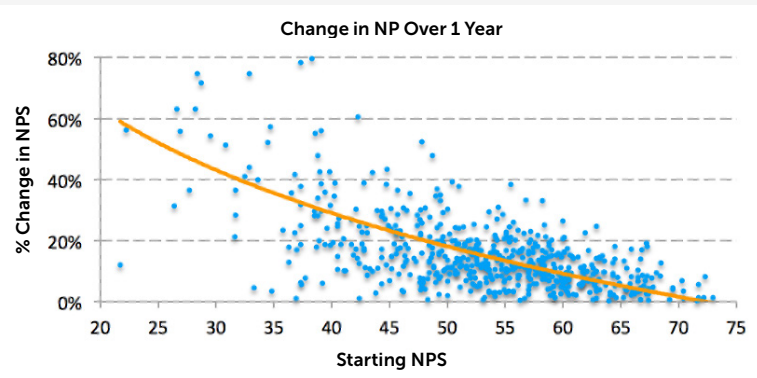
It is critical to ensure that teams have access to their customer experience performance data. Medallia research has shown that more frontline logins can boost NPS as well as financial performance. Expanding access to information and encouraging employees to engage with the customer experience signals allows them to stay informed and act quickly to make changes.

The benefits of democratizing Information

According to a Medallia study, Toyota dealerships saw a 49% increase in year-over-year customer satisfaction by democratizing their information. The increase in sales correlated with employee access. It also translated directly into higher sales per dealer — 204 more cars annually in 2014 alone².

Performance and Improvement

Goals based on previous performances and improvements



Past increases in performance of rental stations show that the ability to improve is correlated with performance level

Current NPS	% Increase	Target	Point Change
< 50	19.7%	59	10
50-59	17.8%	61	9
55-59	14.8%	65	8
60-64	12.1%	69	7
65-69	9.5%	73	6
70-74	7.2%	77	5
75-79	5.0%	81	4
80-84	3.0%	84	2
85+	1.8%	87	2

Set Attainable and Measurable Goals for Rest of the Organization

Now that you have equipped the organization with best practices and strategies for delivering a superior customer experience, the next phase is to set goals and track performance improvement over time.

Medallia considers different approaches when it comes to goal setting. One approach can be to use the Improvement Potential Analysis, where the primary objective is to set realistic goals for locations based on past performance, current performance, and percentage improvement.

Another approach is Closing the Gap, where a target goal is set. Lower performers have a more significant gap to close compared to higher performers who are already close to achieving the target. Closing the Gap

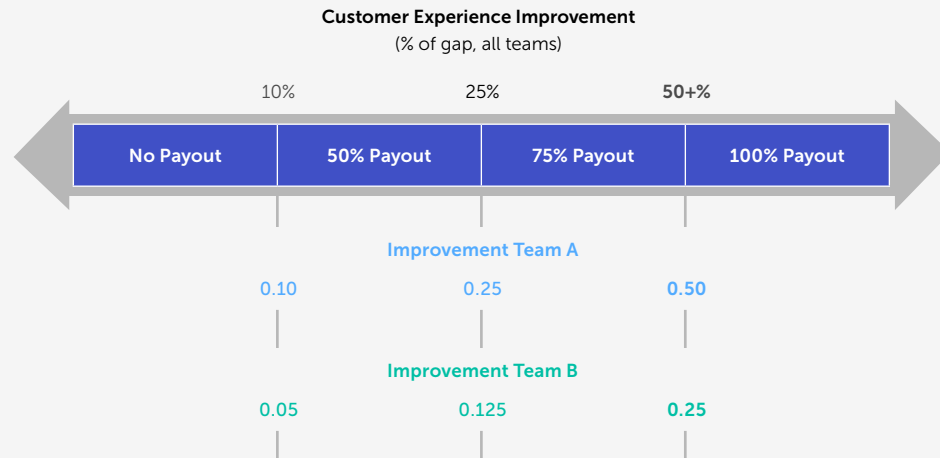
is considered the best practice. It sets goals based on each location's relative current performance and does not set unrealistically high goals for those already achieving strong scores.

For the laggards of the organization, the focus should be on setting achievable behavioral goals coupled with improvement plans that take into account the root causes for the laggard's performance. Underperforming locations that are already under duress may engage in score gaming techniques if they feel that their location is at risk. Instead, the focus should be on helping them adopt customer experience behaviors and actions to improve overall NPS.

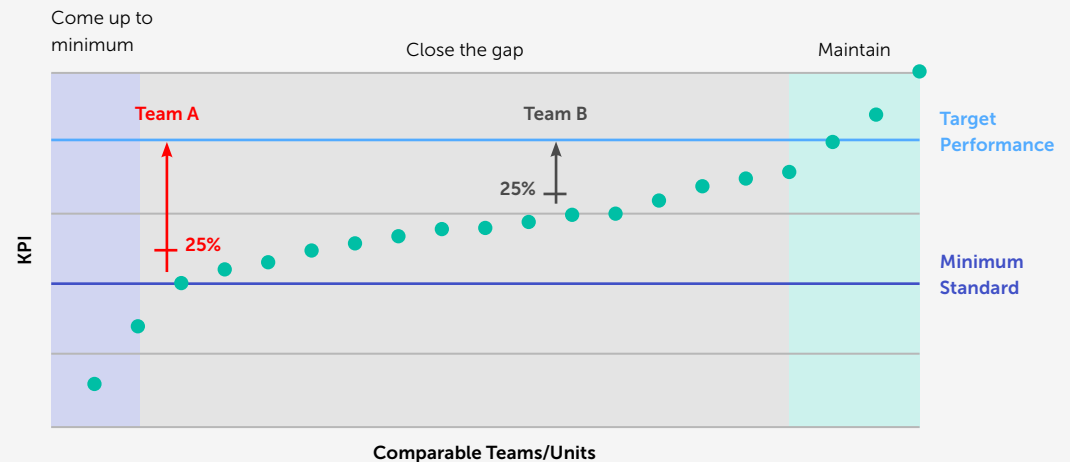
Apart from monitoring the scaled customer experience scores, you can also check if there has been a shift in the conversation using Medallia Topic Discovery after implementing the changes. Additionally, Medallia Theme Explorer can identify new comment themes that have emerged.

Close-the-Gap Analysis

Goals based on relative performance and global targets



It is easier to improve a low score than a high score
- Tie targets to **progression** towards a global goal



CONCLUSION

Finding great within your organization allows you to identify drivers of differentiated customer experiences and best practices that already exist. By analyzing scores and verbatims, organizations can identify their customer experience leaders and share their recipes for success with other teams. Now you are equipped with the tools and knowledge to deliver superior customer experience, apply goal-setting within your organization to track performance improvement over time. By setting attainable, measurable, and in the case of laggards — behavioral goals, you can set the path to success for the rest of your organization.

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¹Benchmarking Your Customer Experience Program

²Free the Data

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About Medallia Strategy Analytics

The Medallia Strategy Analytics Team provides consulting, analytics and data science services to accelerate customers' Experience Management maturity and time-to-value. For more information, please reach out to msat@medallia.com. You can also schedule a meeting through [Medallia Experts on Demand](#) with any key members:

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