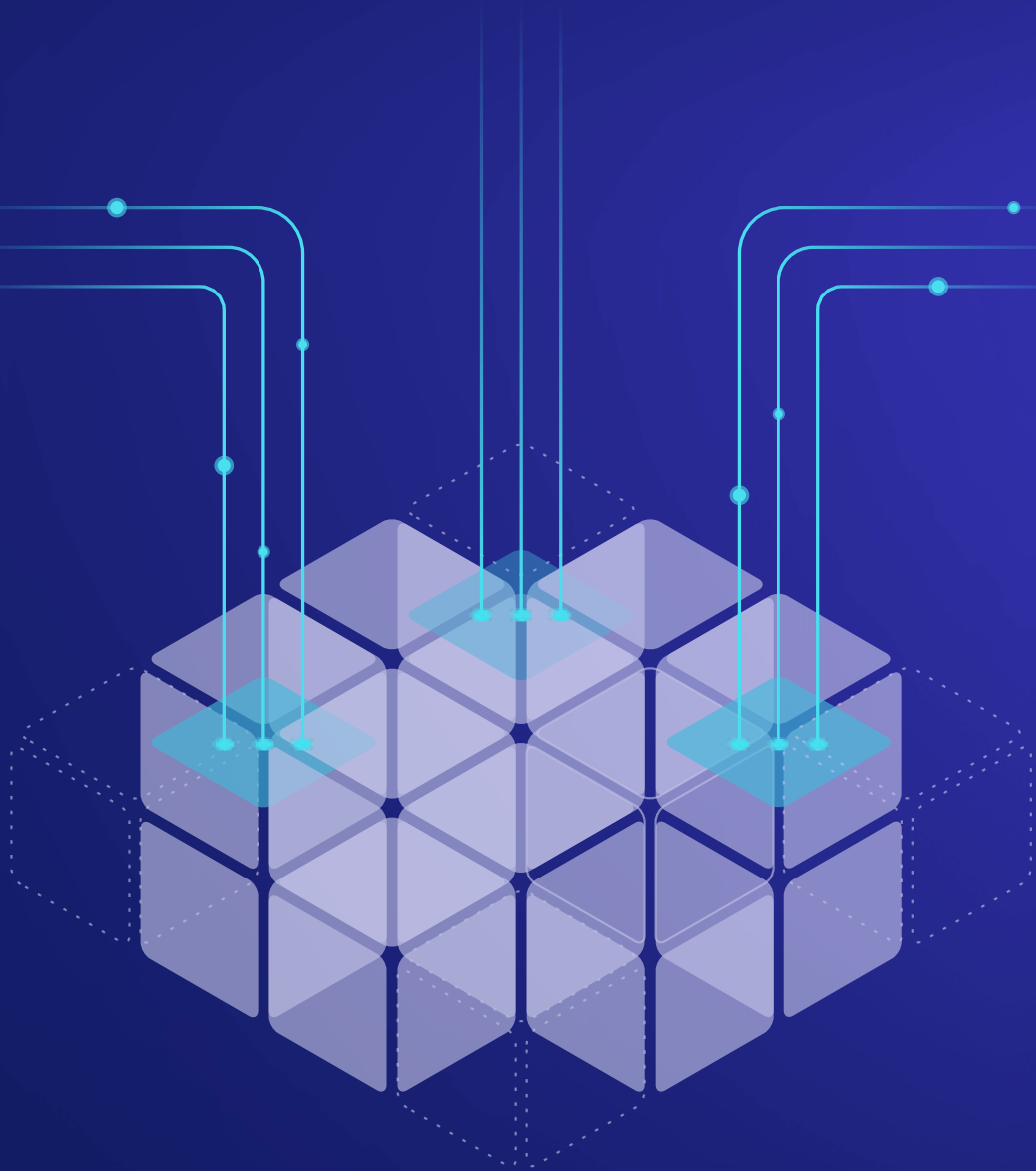# Operationalising the customer experience

**The link between CX, operations and revenue**

Re:infer

# Contents

# Customer Experience: The journey to Operations

Customer experience (CX) has evolved. What started as a fringe concern within the business has become one of the most important functions in the enterprise. Formerly limited to a single, isolated team in most cases, business leaders now want CX to be core to their operations, embedded in every department and every service.

This ongoing process of transformation is called 'operationalisation'. CX is cementing itself at the top of the boardroom agenda, the font of customer insight and the driver of business transformation and revenue. The most forward-thinking leaders are working to ensure that every function has its own CX resource it can draw on to drive improvement and service excellence.

CX has long been a key differentiator around which brands compete. Yet the effect of the COVID-19 pandemic has only been to heighten this competition, and laser focus its attention on digital experiences. The pandemic severed the physical link between brands and their customers, and the effects will be permanent.

Business learnt its lesson during the last global economic crisis. Between 2007 and 2009, CX leaders generated 3x higher returns for their shareholders than CX laggards. That's why brands are now focusing their efforts on optimising the customer experience across all digital channels.

However, the pandemic has also reminded businesses that employee experiences (EX) are just as important as customer experiences. High-quality, competitive customer outcomes won't be achievable unless the people delivering these services are fully supported, given the latest tools and freed from the monotonous, transactional work that's driving continuous churn. This has translated into renewed interest around the total experience (TX) - representing the shared experiences of everyone who interacts with a brand.

The message is clear: CX and EX are integral to the success of today's increasingly hybrid and digitised economy. In response to this, the leading enterprises are starting to operationalise CX. They are seeking new ways to integrate CX, EX and Voice of the Customer (VoC) with the core operational functions of the business.

The aim is to better align CX with the objectives of the C-suite. To deliver real-time continuous improvement. To reorder the operations of the enterprise to make it truly 'customer-centric' - a reality rather than a buzzword. It's about helping every line of business to enhance CX, and CX to guide Operations to the changes that customers really want. Working as one, both functions will drive huge competitive advantage.

# The Silent Majority

The operationalisation of CX isn't some over-hyped fad. The process has been progressing gradually since the inception of CX, which has steadily been expanding its remit over more and more departments and areas of the business. The pandemic has only catalysed this process, accelerating it so quickly that it's become visible to many for the first time.

The leading CX practitioners now see the operationalisation of CX as necessary, not just advantageous. To remain competitive in the long term, CX and operations must align to ensure every process - from order execution to customer service - truly meets the needs of the customer.

However, before customer experience and customer service can lead this transition, there's an important realisation to make. The current dominant approaches to improving CX and TX are fundamentally flawed. We're learning the wrong lessons from insufficient feedback, and it's risking the success of our improvement initiatives.

## The Drawbacks of Lean Six Sigma

Customer experience improvement is crucial to customer acquisition and retention. Lean Six Sigma methodologies, despite getting their start in manufacturing, have been highly influential for CX and CS leaders over the years.

Lean Six Sigma is a fact-based, data-driven philosophy of improvement that prioritises issue prevention over issue detection. It drives customer satisfaction and bottom-line results by reducing inconsistencies, waste, and handling time, all while standardising work and flow. With a foundation of proven insight and data, Lean Six Sigma has become one of the dominant CX improvement methodologies. But data is its Achilles heel.

Lean Six Sigma depends on data collection to guide improvement efforts to the areas that matter. However, the data that CX leaders have traditionally had access to is far from ideal.

CX leaders have been forced to rely on a small number of restricted data sources:

- Customer surveys and panels
- Stakeholder and customer agent interviews
- Manual logging and categorisation by customer agents

These methods are slow, time-consuming and expensive. They take employees and agents away from their most important work. They fail to provide real-time insights, offering feedback that can only be actioned after the fact. Yet, above all, the data they produce can't be trusted. Stakeholder testimonies are highly subjective, while manual categorisation and logging is prone to human error. One Re:infer customer found that agents failed to correctly log the correct reason for customer issues over 20% of the time.

Ultimately, these methods fail to deliver accurate, measurable and responsive customer experience improvement. CX leaders are trapped in hindsight mode, delivering changes that are poorly informed and which can't achieve strong ROI. It's like trying to drive using only the rear-view mirror.

## Privileging the vocal minority

Yet there's one even bigger problem. Even when used together, direct surveys and manual methods can't achieve sufficient coverage. Due to the sheer scale of customer service and contact - comprising millions or even billions of customer interactions - you are only ever tapping into a small random sample of customer opinion.

This becomes even starker when you realise that most customers never say anything. Only one in 26 unhappy customers ever complain, and 91% of whom will simply leave and never come back. The fact is that the vast majority of customers rarely provide any feedback. CX leaders and improvement initiatives are staking the house on a minuscule cross section of heavily biased customer responses. No one can hear the silent majority of customers over the racket of a vocal minority. And you should never conflate a customer's engagement with their profitability.

The danger of prioritising the concerns of the vocal minority is that it focuses improvement on what are only problem areas for a minority of customers. You have no guarantee that these are widespread or pressing issues for the majority.

What's more, CX leaders often lack the tools to measure how successful their improvement programmes have been once implemented.

Ultimately, the bulk of customers who provide the greatest share of the company revenue just aren't being catered for. The changes that would have the biggest impact – both on CX and company revenues – are likely being overlooked. Unless business can find a way to listen to the concerns of the silent majority, this invaluable cohort will continue to churn out.

# Communications Mining: Capturing the Voice of the Customer

Customer experience improvement needs to begin with the customer. But crucially it needs to speak to all customers, and that includes the silent majority. This is a multi-stage process that begins with capturing the voice of the customer (VoC).

## Overcoming the challenge of scale

Manual methods of customer data collection only provide a narrow cross-section of opinion, but that's because the scale of customer feedback is so huge. Customers are constantly telling you what's wrong with your business, saying what they want and how you should improve. Every minute of every day, thousands or even millions of customers are sharing what they think on a myriad of different channels – from email to instant messaging and phone calls to the contact centre.

The problem is you could never hire enough people to record or analyse all this information. The explosive growth of new channels and digital communications has made it impossible to scale manual analysis over all of this customer experience information.

So why don't CX leaders automate this process? Why don't they use the latest analytics tools to mine this information for the most valuable insights? The answer is that they've tried, but the technology has only now caught up to their ambitions. Mass customer feedback has long evaded analytics tools because of its unstructured format. When a customer leaves feedback they do so in their own language, with their unique nuances and implied meanings.

Machines and traditional analytics tools simply struggle to understand and interpret the natural language of customers. This is the reason why humans are still pervasive in contact centres and as customer agents – and they always will be.

The automated interpretation and analysis of mass customer communications – at speed and scale – has long seemed like a pipe dream. But that's now changing.

# Communications Mining
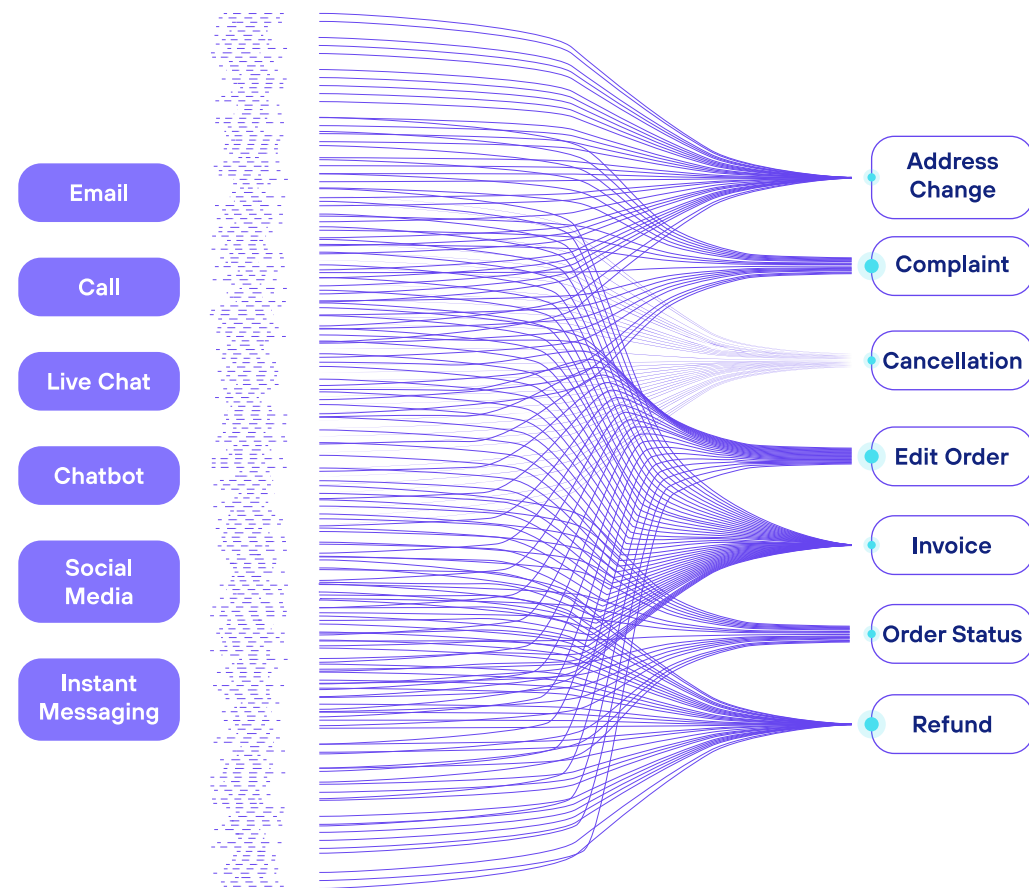


The leaders in CX and service are using the latest advances in technology to achieve unprecedented scale and coverage in their analysis of customer conversations. Recent innovations in natural language processing (NLP) and artificial intelligence now enable machines to understand and interpret natural language - reliably, consistently and accurately. The latest large language models, such as ERNIE and PaLM, even beat humans in their reading comprehension and understanding of natural language.

These advances have come together in a new class of enterprise software called Communications Mining. Communications Mining gives CX leaders the power to analyse and understand every customer conversation and piece of feedback. The technology uses NLP to convert unstructured communications - both voice and text-based - into structured data that the business can actually use. Conversational Data Intelligence platforms like Re:infer make it easy to analyse and extract valuable customer insights from this data, in real-time and on a massive scale. This insight can then be

utilised across the business, embedded into core business functions including sales, fulfilment and operations.

Communications Mining goes much further than simple sentiment analysis. In addition to emotional content, it extracts intent data, revealing the reasons for contact, the pain points they express and the changes they would like to see. This is insight that gets straight to the heart of what customers want. Such improvements don't just cut costs and improve efficiencies - they fuel growth and strengthen the customer relationship.

For the first time, business leaders have complete visibility into all customer contact channels. Communications Mining enables them to capture the full voice of the customer, with unprecedented accuracy. Common issues and valuable change opportunities, once hidden in masses of communications, are immediately highlighted.

In this way, the customer is finally involved in the CX improvement process. Communications Mining creates a steady pipeline of efficiencies and improvements, straight from the customer's mouth.

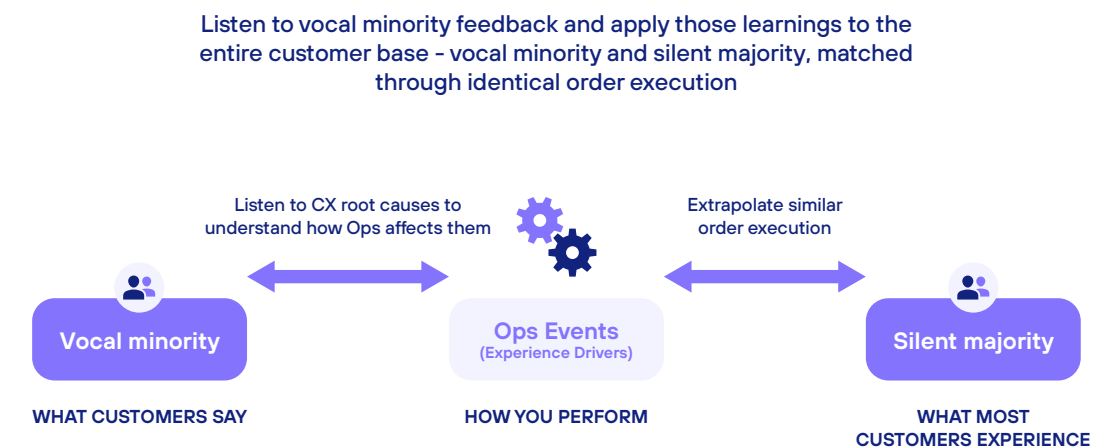# Customer Experience Operations: Driving improvement in the Total Experience

Communications Mining clears the path to CX operationalisation. It provides both the qualitative and quantitative feedback needed to drive continuous customer experience improvement that generates revenue and gets results. However, there is one final consideration that must be made.

Communications Mining captures the voice of every customer that gives your brand feedback. But what about the silent majority of customers who say nothing? Representing this most valuable of cohorts requires an extra step - but one that is only possible with Communications Mining.

To operationalise CX it's necessary that you link the voice of the customer with the operational functions of the business. It's the process of integrating the customer insight of CX with the data of Operations. Doing so links CX directly to the hard metrics the C-suite cares about the most - retention, acquisition, costs and revenue.

You start by analysing your customer conversations - your 'vocal minority' feedback - with Communications Mining. Extract the root causes of contact, find out why customers are providing feedback, where their pain points lie and what they want to see changed. Once you have this insight, compare it with your operations data. Does any of the feedback relate to coinciding changes in your ops execution? For example, the roll out of a new service, or changes to the ordering process, may correlate with a drop in customer satisfaction (CSAT).

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## Operationalising CX Explained

Listen to vocal minority feedback and apply those learnings to the entire customer base - vocal minority and silent majority, matched through identical order execution

Listen to CX root causes to understand how Ops affects them

Extrapolate similar order execution

Vocal minority

Ops Events (Experience Drivers)

Silent majority

WHAT CUSTOMERS SAY
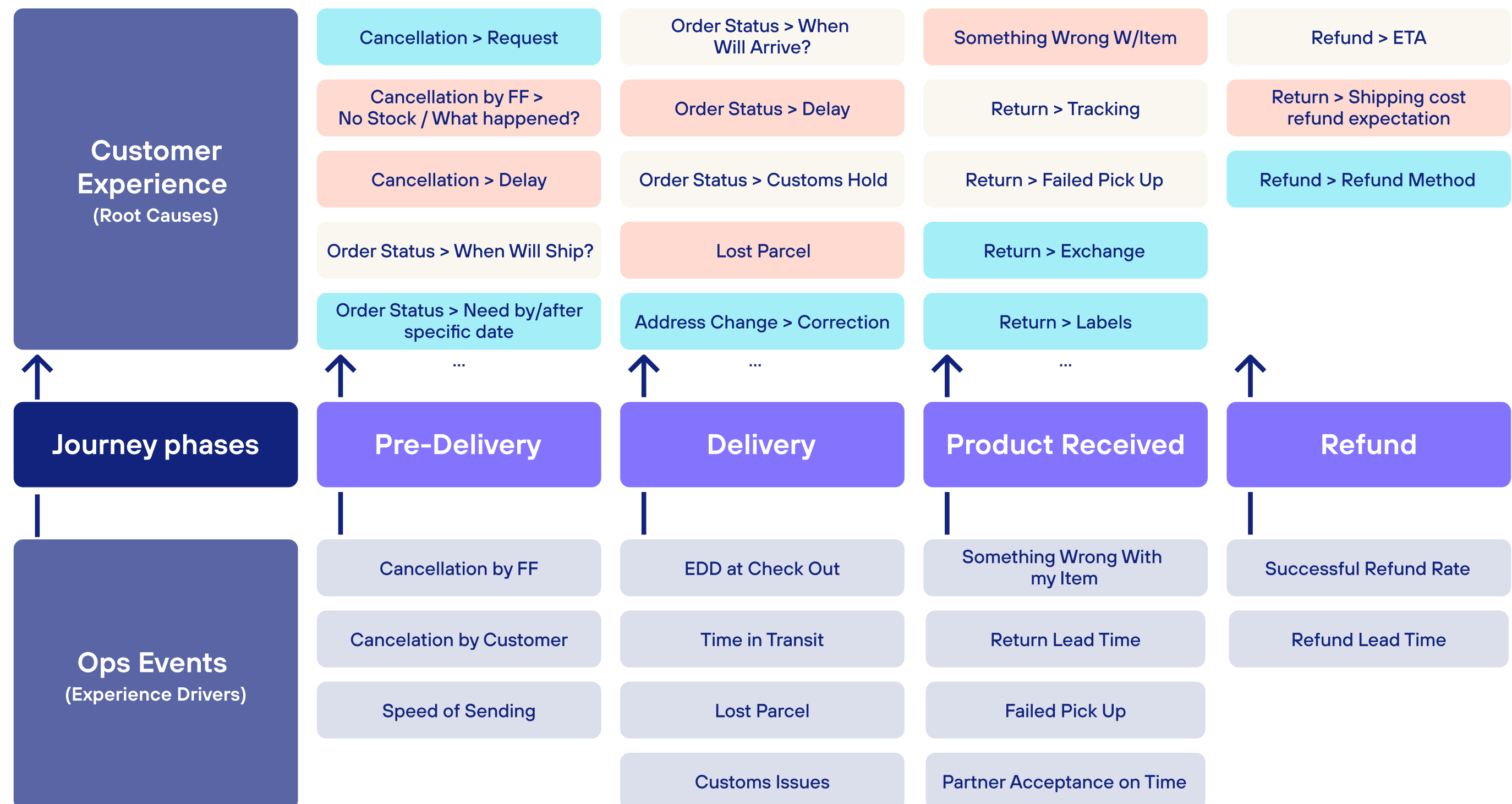
HOW YOU PERFORM

WHAT MOST CUSTOMERS EXPERIENCE

Operationalisation is the process of taking what you know about your vocal minority of customers and mapping these lessons onto your entire customer base. If vocal minority feedback aligns with operational changes then you can estimate with confidence how the silent majority of customers has been impacted and how they view their CX. You now have your CX improvement priorities - no more guesswork or obsessing over fringe concerns. You know what changes will have the biggest impact, what will do the most to improve CX, strengthen loyalty and customer retention.

Operationalising CX has other benefits for the business. In linking CX and Ops data, you help establish a virtuous feedback loop between the two functions. Both start working together better and more efficiently. CX can identify and feed back operational improvements in the customer journey, while Ops surfaces CX improvement opportunities to be actioned. CX can explain how operational changes are affecting customers, while Operations makes targeted improvements to improve the customer journey.

CX and Operations are no longer siloed, separate departments. They are a unified team working together to optimise the business for the best and most competitive customer experiences.

**Mapping Ops Execution to CX**

# With Communications Mining you can directly connect Ops events to CX

| Customer Experience (Root Causes) | | | | |
|---|---|---|---|---|
| | Cancellation > Request | Order Status > When Will Arrive? | Something Wrong W/Item | Refund > ETA |
| | Cancellation by FF > No Stock / What happened? | Order Status > Delay | Return > Tracking | Return > Shipping cost refund expectation |
| | Cancellation > Delay | Order Status > Customs Hold | Return > Failed Pick Up | Refund > Refund Method |
| | Order Status > When Will Ship? | Lost Parcel | Return > Exchange | |
| | Order Status > Need by/after specific date | Address Change > Correction | Return > Labels | |
| | ... | ... | ... | |

↑       ↑       ↑       ↑       ↑

| Journey phases | Pre-Delivery | Delivery | Product Received | Refund |
|---|---|---|---|---|

| Ops Events (Experience Drivers) | | | | |
|---|---|---|---|---|
| | Cancellation by FF | EDD at Check Out | Something Wrong With my Item | Successful Refund Rate |
| | Cancelation by Customer | Time in Transit | Return Lead Time | Refund Lead Time |
| | Speed of Sending | Lost Parcel | Failed Pick Up | |
| | | Customs Issues | Partner Acceptance on Time | |

# Spotlight: FARFETCH and the Customer Experience Index

# FARFETCH

## CUSTOMER PROFILE

FARFETCH is one of the world's largest and fastest-growing luxury fashion retailers. It is widely known for its customer centricity and its ability to tailor products and services according to customer needs.

The FARFETCH platform sells products from over 700 boutiques and 1,700 luxury sellers from across the world. It serves a global marketplace of over 3 million active users.

# PROBLEM

CX improvement at FARFETCH depended on manual analysis by agents. However, their failure rate in logging the correct customer issues was approximately 20%.

The FARFETCH Voice of the Customer (VoC) team wanted to focus more on the company's vast reservoir of omnichannel customer feedback data. This would help them truly understand what was impacting the customer experience and how this affected the company's revenue. It would then use this operational insight for growth and to provide better products and services to FARFETCH's customers.

# SOLUTION

FARFETCH's CX leaders wanted to empower functional teams with the insight they needed to drive effective improvements in customer service and the customer experience. To do this, they knew they needed a more accurate, data-driven and provable metric with which to guide CX improvements and initiatives.

FARFETCH adopted the Re:infer enterprise NLP platform. Starting with the company's customer service emails, FARFETCH used Re:Infer to digitise its customer contact, turning messages into clean structured data for analysis and action.

This has enabled the CX team to develop a new metric to guide service improvement - the Customer Experience Index (CXI). CXI connects FARFETCH's VoC data with that of its operations, sales and product team KPIs. FARFETCH extracts the data from what its vocal minority of customers is saying and applies this to operational events data. This has shown FARFETCH how its ops functions impact customer loyalty and recurrent spending.

# RESULTS

With Re:infer, FARFETCH's customer experience team now understands:

- Every customer communication in real time and at scale
- The needs of all customers, including the silent majority
- The specific aspects of internal order execution that cause customer responses
- How order execution affects retention and customer lifetime value (CLTV)
- When to recover customers, even before they notice an issue
- The internal drivers of poor CX, linking them to specific Operations KPIs

This has enabled FARFETCH to:

- Increase recovery project ROI by 8x-20x
- Increase repurchase rate and the profitability of CX improvement projects
- Measure execution excellence for each order
- Highlight the most valuable CX improvement opportunities at the Ops level
- Provide customer recovery leads for customer service agents to act on

# Conclusion: Making customer experience tangible

Operationalising CX in the enterprise brings immense benefits to the business.

When supported by Communications Mining, CX teams can consistently **highlight the most important and valuable improvement opportunities**, not just those demanded by the most vocal customers. CX initiatives are more successful, elevating customer loyalty, retention and profits.

CX and VoC teams become **the font of customer intelligence and insight in the enterprise**. All functional departments can benefit from customer insight, and work towards improving the customer experience with their actions. This is key to creating an enterprise that's truly customer-centric.

Finally, when you operationalise CX it becomes more provable, actionable and tangible when it is backed up with comprehensive data. By linking CX explicitly with operational outcomes, and therefore revenue, **the customer leaders in the enterprise are better aligned with C-suite objectives and priorities**. With greater confidence and respect, it is easier to defend and advance the objectives of CX in the business - which is good for the team as well as the end customer.

See how Re:infer can help you turn every message into actionable data, drive scalability and optimise the customer experience. **Start your free demo.**

Re:infer