

kinetik solutions



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# Understanding customer needs to drive sustainable service excellence

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## What this document is about

This is a discussion document explaining how to understand customer needs in order to improve processes in the service industry. The document outlines an approach where:

Customer needs are classified in different dimensions (basic & attractive)

Service elements that are wasteful in terms of customer experience are clearly identified

Services can adapt to different cohorts of customers



## Poor customer experience inflicts huge costs on organisations

- **7 out of 10 people have ended a relationship due to poor customer experience\***
  - Each lost relationship costs around £400 in service industries
  - This has a negative impact on the reputation of a business
- **There is a financial loss to society as a whole**
  - Poor customer experience costs the economy £15.3 billion`
  - There are also consequential losses generated in terms of frustration, stress, ill-will etc.
- **Unnecessary resources are expended**
  - As an example, employee motivation often falls due to poor interaction with customers
  - Organisations focus on often on high end features and functions rather than getting the basics right

*\*The State of Customer Experience Capabilities and Competencies SAS, SAS Institute Inc. and Peppers & Rogers Group, USA, 2009*



## Many organisations do not get the basics right in understanding customer experience or expectation

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“The first step should be to understand and measure the direct business impact of customer service, and identify the gaps between the customer experience and expectations.”

*Genesys – Global Survey of Customer Experience, 2009*

“Today, more so than ever before, customers listen with their eyes to see what a company does rather than with their ears to hear what the company says. Customers feel first, think second.”

*The State of Customer Experience Capabilities and Competencies SAS, SAS Institute Inc. and Peppers & Rogers Group, USA, 2009*

“Amazingly, only 20 percent of companies today even try to know the state of their customer experience success by measuring it holistically across all channels.”

*The Customer Experience Quality Framework, Forrester Research, 2007*

Better customer experience can reduce costs both to an organisation and to society

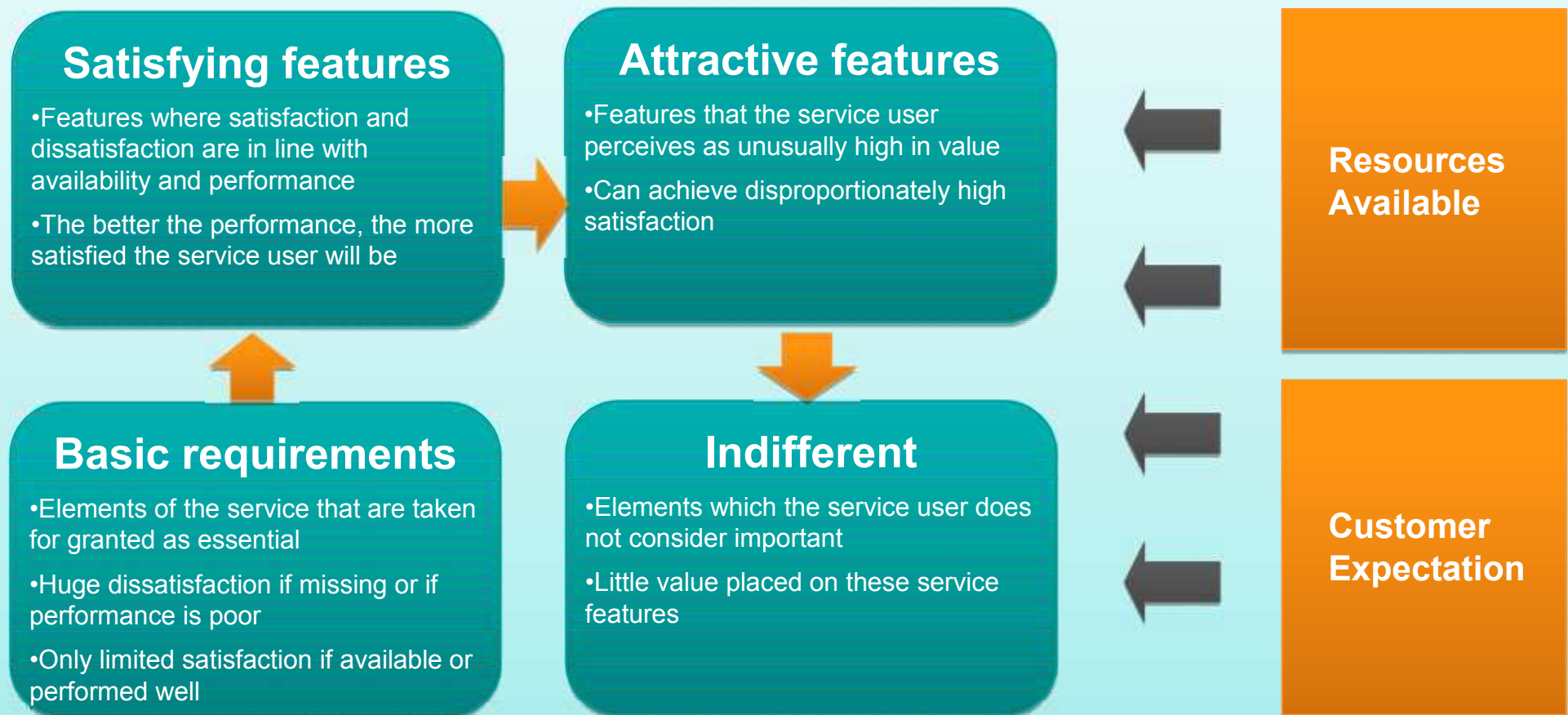


## Measures of customer satisfaction are often inadequate at understanding true needs or expectations

- **Returns are often low and statistical significance is questionable**
  - People who fill in questionnaires are likely to be biased from the overall cohorts of customers
  - The questions have set gradations wholly based on customer expectation (e.g. very good to poor), which in itself offers little insight
- **On a conscious level, customers sometimes find it difficult to articulate their true priorities**
  - They are often unable to articulate exactly what is driving their expectations
  - When making suggestions, customers assume that the organisation has infinite resources to meet customer expectations
- **The feedback mechanism for change and improvement of services is slow, from understanding customer needs, often lacking adequate details**
  - Organisations often find themselves creating unintended consequences in improving just one element of customer service



## Customer experience needs to be based around four attributes as well as managing expectations





# An example of attributes of the customer experience for a business-hotel

Satisfaction

<p><b>Satisfying</b></p> <ul style="list-style-type: none"> <li>• Range of TV/ sports channels</li> <li>• Spa/ swimming pool</li> <li>• À la carte restaurant</li> <li>• Good shower</li> </ul>	<p><b>Attractive</b></p> <ul style="list-style-type: none"> <li>• Free Wifi</li> <li>• Quality room service</li> </ul>
<p><b>Basic</b></p> <ul style="list-style-type: none"> <li>• Quick check-out</li> <li>• Desk &amp; access to electricity</li> <li>• Helpful staff</li> </ul>	<p><b>Indifferent</b></p> <ul style="list-style-type: none"> <li>• Bath</li> <li>• Snacks available in the room for purchase</li> <li>• External dial - telephone</li> </ul>

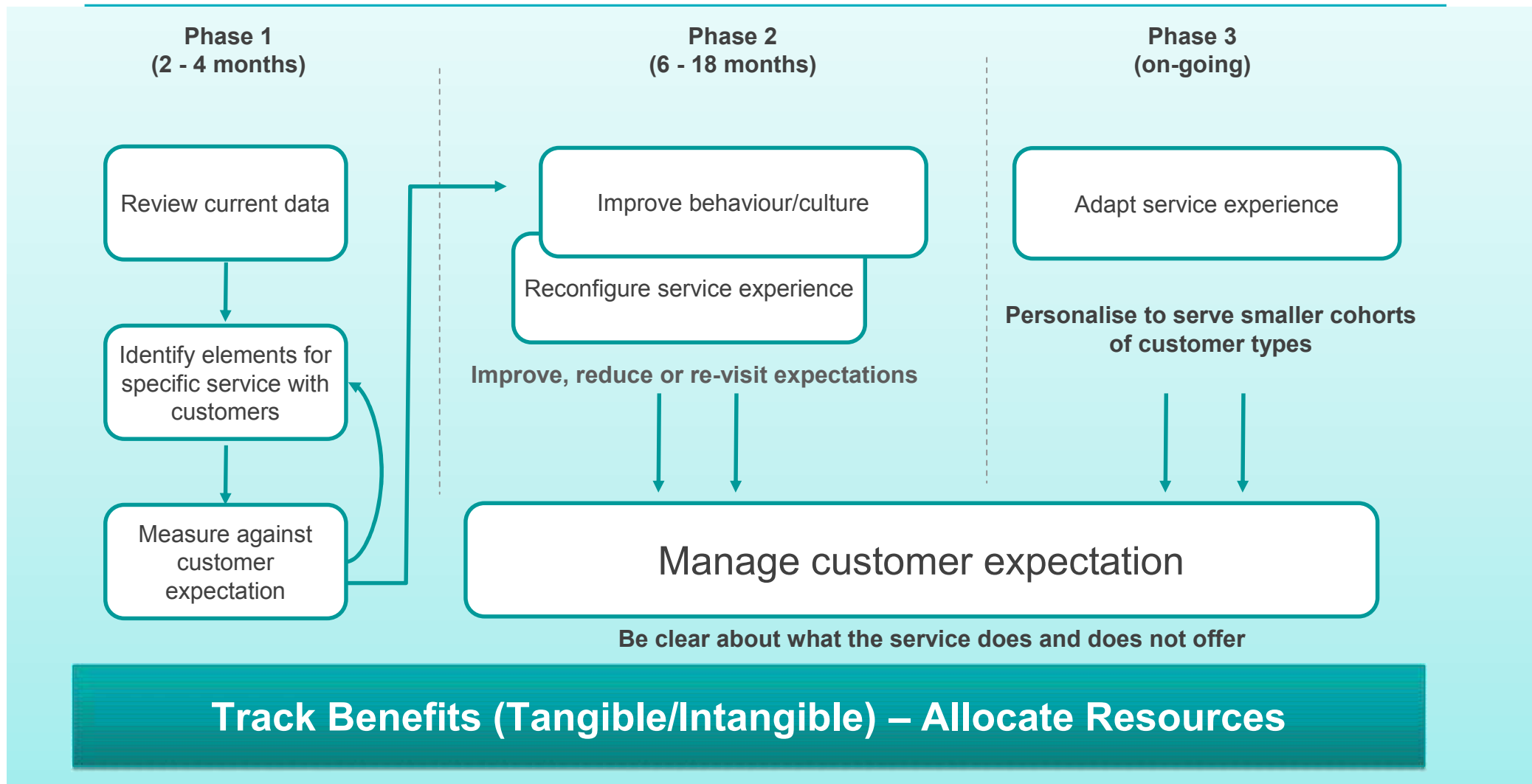
Dissatisfaction

## Understanding the attributes helps to answer the following questions:

- If the aim is to improve the service, where should resources be focused?
- What investment will give the best returns in terms of perceived quality of service and satisfaction?
- Where do we need to manage customer expectation?
- Which elements of services can we downgrade?
- What elements can we adapt based on the individual or a smaller cohort of customers?
- Where do we focus staff training and behaviours?



# We have an approach over 3 phases to get service experience right







## kinetik solutions has wide experience in Business Transformation and Change Management



“Their approach achieved an intensive, evidence-based focus on a key policy and operational priority, integrating multi-disciplinary and multi-organisational perspectives. Their preparation and professionalism...added real value.”

*Head of Informatics, NHS Acute Trust*

“An excellent approach in developing ideas and principles which was frequently used to talk both operational teams and senior managers through a number of concepts and design iterations. Some of these were so successful that they have now been adopted across the project.”

*Head of Operations, Census Division, Office of National Statistics*