



CUSTOMER•RADAR



THE DEFINITIVE GUIDE TO

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# CUSTOMER FEEDBACK METHODS



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# INTRODUCTION

*Straightaway, you feel uneasy.*

*You've barely been inside the store for a few seconds, and things don't feel right.*

*A customer service rep glances up at you, then returns to their paperwork. You're not sure what area of the shop you should be looking in, and the signage isn't helping. Uncomfortable, you flounder for another minute or so, before slipping back out the way you came. Best look somewhere else.*

*Hopefully this kind of experience isn't happening to your customers. But would you know if it was?*

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## THE CASE FOR FEEDBACK

If ever there was a time to make your business more customer-centric, it's now.

With the rise of e-commerce, behemoth cost-competitors such as Amazon are devouring the profits of brick-and-mortar stores across the planet. There's only one way to stem this tide: Thrill your customers in ways your competitors are not. Every time your customers interact with your business, make it a moment of pure joy—do this, and you'll build incredible loyalty, giving your customers an experience that will keep them coming back.

**But to become customer-centric, you need to be inside your customers' heads.** You need to know exactly how they feel when they step

inside one of your stores, talk to one of your staff, or open one of your products. And unless you're Mark Zuckerberg, the key to all these answers lies in gathering customer feedback.



That's why Customer Radar exists. We're all about accessing customer feedback to help you be better. So, what's the best way to gather this feedback?

That's what this guide is all about. We cover what you should be looking for in a feedback method, the pros and cons of the most popular approaches, and what feedback can look like when it's done right. So sit back, relax, and watch your business be transformed by customer feedback!



## FIVE THINGS ALL FEEDBACK NEEDS TO BE

Some 'industry experts' like to make customer feedback a dense, complicated subject. We think it's quite the opposite. For us, it's simple: Feedback should be **easy, reliable, actionable, cost effective** and **on time**.

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### 1 - EASY FOR CUSTOMERS

When asking customers for feedback, it's crucial that questions be kept **short**, and **open**.

We all know how our ability to focus has reduced in modern times with the onslaught of digital technology – apparently, we now have a shorter attention span than goldfish! If you're wanting something from your customers, you should be aiming to get it from them in the shortest time possible. Making someone take a twenty-minute survey when you know how busy people are can show a certain lack of awareness of how customers prefer to interact. Not to mention it can be pretty tiresome for the person you're interrogating!

Think of a waiter. They only need three words—"How is everything?"—to gain all of the feedback needed to improve the



customer experience next time. Just like with first impressions, the important parts of the experience will rise to top of mind. Instead of asking a range of specific, time-consuming questions, **try asking one or two quick, open questions**. Not only does this build trust by living up to your 'quick feedback' promise, if your customer had a great experience, they're likely to feel more comfortable telling you! If you really need to dig a little deeper, then you can tag on an extra 2-3 questions, or contact those with strong feelings afterwards to find out even more.

To make feedback as easy as possible for your customers, keep it short and sweet. Allow them to give feedback in their own words or thoughts instead of a format you're enforcing on them, and you'll empower them to be more honest and open.



## 2 - RELIABLE

Good quality data takes the guesswork out of business. Unreliable data, on the other hand, might just be the undoing of your business.

When gathering feedback, it's critical that the data you collect can be relied upon to inform decision making. After all, that's why you're collecting it!

Traditional practice in customer survey methods is to ask a small number of customers a large number of questions, then use these detailed answers to represent the opinions and preferences of your customers. However, the researchers among you will know that the smaller your sample size, the higher your margin of error. By relying on the opinions of, say, 30 out of 100,000 customers, you're exposing yourself



to a great deal of risk, and missing out on the opportunity to understand the nuances of your customer base.

Better instead to ask a large number of customers a small, targeted amount of questions. 10,000 responses produce data of incredible reliability, compared to 30 responses.

**The bigger the number, the bigger the value.**

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## 3 - ACTIONABLE

If the feedback you receive cannot be converted into an action for your business, you're better off not gathering it. All you'll do is tie yourself up in knots, wasting money and time.

To gain feedback which is actionable, **ask open questions** which can be answered in a number of ways. Look at the difference between "Did you have a good experience at \_\_\_\_\_ today?" versus "What made your experience at \_\_\_\_\_ good or bad today?"

For the first question, receiving a "No" answer will achieve nothing. Sure, it'll make you aware that something is wrong in your business, but it won't let you know what the issue is, so there's no way of addressing it.

The second question, however, will glean feedback with actionable answers, such as "Yes,

we had a great experience, the only trouble was that when we went to pay, no one was manning the check out!" An answer like this can lead you to speak to the staff working at the time, and inquire why this occurred. Perhaps they have all been taking their breaks at the same time, or inbound deliveries are leaving the floor short-staffed—all issues which can be easily addressed, and your business improved.



## 4 - ON TIME

Feedback is most effective when it's **instant** – after all, this is when you get the most accurate response. Give them too much time, and customers may forget about the highs and lows of an experience – or find they build up the highs and emphasise the lows even further! To capture feedback at its most genuine, it's critical to **choose the right touchpoint**.

Depending on the type of business you have, these touchpoints may vary. For a retail business, it makes sense to ask for feedback directly after a customer has made their purchase, through an invitation on the receipt or sent via email, SMS or the company's app.



By contrast, a library that provides free Wi-Fi may not have many touch points with their visitors – as before with 40% of visitors not actually taking out a book, but are still seeking information. For those just there to use the internet, they can get a pop-up window prompt, or be sent an email invitation to give feedback once they've logged onto the Wi-Fi, ensuring they're still able to give their opinions.

Not only does gathering timely feedback make it as accurate as possible, but it also makes it the most actionable—just think of the difference between calling a customer five minutes after their issue, versus month later.

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## 5 - COST EFFECTIVE

As you seek to incorporate feedback into your businesses decision making, it's crucial to **choose a method which is cost-effective**. We've already emphasised that the more pieces of feedback you can gather, the better. If every piece of feedback involves time and money at your end, you'll inevitably fail to gather enough, and it won't become a cultural behaviour in your business.

Again, this ties into choosing the right touchpoint for gathering your feedback. Uber (while perhaps not the greatest business example in every way) is a fantastic example of how gathering customer feedback can be seamless & incredibly cost-effective – customers are prompted to provide one quick rating and question as soon as they've had their Uber experience. Because of the touchpoint (through their own app), feedback is gathered in high volumes very cost-effectively.

Imagine the difference if Uber had to pay a market research company, fill out a report, and present that information to Uber on a monthly

basis? The cost of covering all drivers regularly would be enormous, and would discourage Uber to gather the amount of feedback necessary to inform their business.

To create a feedback culture in your business, be sure it fits your requirements, is scalable and cost effective.





## OPTIONS FOR GATHERING FEEDBACK

What jumps to mind when you think about gathering feedback on your business?

For many of our new customers, it's things like mystery shopping, social media, customer satisfaction surveys and NPS.

But the question is, how do these approaches stack up against our feedback criteria? Let's take a look at the pros and cons of each.

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### MYSTERY SHOPPING

For decades, mystery shopping has been the industry-standard form of gathering customer feedback, with customer-centric businesses relying on it to get their customer insights.

Engage a third-party provider, they send in undercover customers, you find out everything you need to know about the customer experience and keep an eye on your staff at the same time... Sounds great, right? Unfortunately, it's not quite as clear-cut as that – not only is this old-school approach ineffective for judging customer experience, it could even be considered borderline unethical in today's business environment. But why?

Firstly, significant **data issues exist**. Mystery shoppers are human, and present responses entangled in their own biases. For example, if a mystery shopper has an initial bad

experience at a store, it's likely any subsequent experiences there will also be viewed negatively.

Secondly, **the cost of gathering meaningful data is immense**. For each response, a shopper must be paid to drive to a location, make a purchase, then report back on their response. Chances are, you're paying anywhere between \$50-100 minimum per response.



There can be a place for mystery shopping but that is more to do with operational testing than customer feedback. Have you put in place new processes and need to find out if your staff are following them? Then a mystery shopper can be quite useful. But if you're trying to find out what your customers are thinking, it's time to look elsewhere.

## CUSTOMER SATISFACTION SURVEYS

Another traditional approach to customer feedback, customer satisfaction surveys look to gain deeper detail from a select few customers.

Typically they are 5-10 questions in length, and ask customers how they felt about a recent service, product, interaction etc. Answers are usually qualitative, such as “very satisfied” or “disappointed”, as opposed to a quantitative 1-5 number rating.

While customer satisfaction surveys do produce some useful data—they typically yield



actionable responses on some areas of your business – they also suffer from similar issues to mystery shopping. Because of their length, they’re either too difficult to get enough customers to fill out, or customers need to be rewarded for their participation, which becomes expensive. The result is data, which while anecdotally interesting, is not broad enough to be relied upon to inform decision making.

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## SOCIAL MEDIA

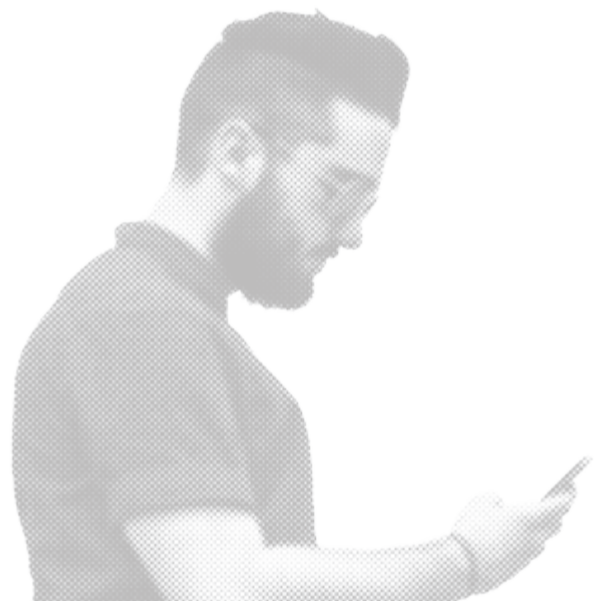
Recent years have seen a huge rise in online review platforms, making them by far one of the most prominent forms of customer feedback.

This method offers some clear benefits—it’s cheap, easy for the customer, and typically very timely. Whether or not feedback is actionable varies greatly, but by and large feedback can be gleaned from most online reviews.

However, two significant issues exist. Firstly, the **responses are warped**—those who have had a negative experience are 80% more likely to provide feedback than those who have had a positive experience. While this is great for fixing the glaring issues in your business, it’s not great practice—there will always be outliers who take issue with some aspect of your business, and those should not be the only pieces of feedback informing your action. This will only serve to demoralise your staff, and lead to what may be unnecessary changes, in the pursuit of unnecessary changes.

Secondly, **if you’re seeing it in an online review, it’s too late**. That will be posted on the internet for all to see, impacting your businesses reputation, potentially forever. Good feedback gathering methods will catch issues before they escalate to a negative online review, providing an opportunity to rectify the problem and preserve your company’s reputation.

While the recent rise in online reviews is fantastic for promoting a feedback culture in your business, its skew towards outliers and negativity means it shouldn’t be relied upon as your sole method of feedback.





## REAL-TIME NPS

Speak to anyone about customer feedback or engagement, and the words 'Net Promoter Score' or 'NPS' will no doubt feature. Over the past few years, NPS has truly become a pillar of customer feedback, overshadowing more conventional methods.

Designed by Fred Reichheld of Bain & Company, NPS asks customers to rank how likely they are to recommend a company to friends or family, on a scale of 0-10. These responses are then categorised into detractors (1-6), neutral (7-8) or promoters (9-10). The negative responses are subtracted from the positive ones, to give an overall NPS figure – for example, if a company receives 60% positive responses, 25% neutral and 15% negative, their overall NPS will be 45.

Two aspects of NPS stand out compared to other methods. Firstly, with NPS, **it's incredibly transparent where your customer base as a whole sits**. Having clear insight into



customer loyalty levels allows businesses to act accordingly and enables you to benchmark your progress continuously.

Secondly, **NPS has been designed and proven to have a direct correlation with business growth**. Improve your NPS score, and you improve your business. Other approaches can provide suggestions to improve your business, but ultimately don't show this same correlation. Turns out, slightly satisfied customers don't behave too differently to slightly unsatisfied customers—it's the 'raving fans' which NPS measures that bring growth to your business.

Ultimately, NPS ticks all the boxes when it comes to a customer feedback method. It's short and simple for your customers, easily able to be communicated around the business and converted into action, reliable because it's gathered in large quantities, able to be fed through in real-time, and cheap to collect.

## What's the right option for me?

	EASY	RELIABLE	ACTIONABLE	TIMELY	CHEAP
 Mystery shopping	-	-	-	-	-
 Customer satisfaction surveys	-	-		-	-
 Social Media		-			
 Net Promoter Score					

## FEEDBACK DONE RIGHT:

### How Muffin Break got 11,000 mystery shoppers in a week

Jon Hassall, has always been a customer centric leader. The General Manager of Foodco, which owns the Muffin Break and Jamaica Blue franchises in New Zealand, has always wanted to know what his customers experience when they walk through the door of any one of their cafés, but his knowledge was seriously lacking (as was the whole team's). That lack of knowledge was preventing him from enabling the entire business to be truly customer-centric.

## CUSTOMER VOICE, A MYSTERY

When Jon took over as General Manager of Foodco New Zealand, mystery shoppers were the go-to approach—but that method was despised by the franchisees, and came at huge cost to the business, without giving any insights into what real customers thought. Furthermore, the data collected was anecdotal and came with a one month delay. Foodco's other methods of gathering feedback weren't much better: hand-written feedback cards that

had to be manually entered and processed, and website feedback with a five day time lag.

At most, Jon thought they were getting feedback from only 1% of customers. But he knew that, to make the business truly great, he and his team needed to understand many more customers, not just a random, self-motivated sample.

## 11,000 MYSTERY SHOPPERS IN ONE WEEK

In an increasingly competitive market, with customer preferences continually changing, having a delayed understanding of only a couple of customers wasn't good enough anymore. Jon wanted to completely turn Foodco's approach to understanding their customers on its head, and receive instantly actionable feedback from a significantly larger group of customers. That's when he discovered Customer Radar, who quickly helped Jon implement a new system of gathering feedback.

In the previous year, Muffin Break and Jamaica Blue collected 3,000 pieces of feedback from customers. In the first week of using Customer Radar, Jon's teams collected over 11,000 for Muffin Break alone. How? Jon, with Customer Radar and his team, implemented a programme to engage customers to give feedback in-store and post-purchase. This included their new

roll-out of free WiFi, which meant massive engagement with customers over feedback; in order to access the free WiFi in any Muffin Break or Jamaica Blue location, customers were asked two questions about the service they had just received. This meant two things occurred—the feedback numbers increased dramatically, and the content was much more relevant, and timely. Additionally, they implemented emails out to their database asking for feedback of the back of their loyalty card.

This was all supported by a range of posters and flyers, intended to engage customers with the concept of ‘you are the mystery shopper.’ This alerted customers to the fact that their opinion was not only valid but encouraged.

Having a high volume of feedback is great—but it’s not everything. Jon needed to know how to help his team process the data and

respond, based on all the different feedback arising. He and the franchisee managers now use a dashboard to make sure that they can see trends and plan ahead for them, deal with any issues, and congratulate the team on a job well done. Jon even got Customer Radar to incorporate their technology into Salesforce, meaning that customer-centric data combines with Foodco’s other metrics, and can be exported all in one report. It’s this kind of visibility and integration that is making Jon’s life easier, and everyone in the business can now be as customer focused as Jon is.

## ALERTED TO ISSUES

Truly customer-centric leaders are never happy with even a couple of unhappy customers. As General Manager, Jon’s responsible for making sure that every customer across New Zealand has a great, consistent customer experience, so he and the team set things up so that any NPS rating under six (out of 10) would trigger an alert.

As an example of the instant impact the programme had, upon receiving alerts in the first few days, Jon was able to identify that one of the franchises was not making coffee to the usually high standards of the brand. There were several complaints that the coffee was not up to the usual standards, which, left unchecked, would result in a loss of business quickly. Instead of simply losing customers, Jon was able to quickly identify that one of the baristas had not been trained in the ‘Muffin Break way’, which was obvious to the customers who had provided the feedback. Jon was able to fix the issue quickly and get the person trained and up to standard before they were able to make coffee for customers.

It’s safe to say that Jon’s well on his way to achieving his goal of understanding customers better than ever and empowering everyone in the business to be just as customer-centric as he is – and Muffin Break and Jamaica Blue are, without a doubt, better for it.



# WHAT'S THE RIGHT PATH FOR YOUR BUSINESS?

Putting your customer at the heart of your business is the only way to protect your organisation from major disruption over the years to come, and differentiate yourselves on something other than price.

Check out this flow chart on some considerations around being focused on your customer and implementing a great NPS strategy.



If you're keen to get started on your customer feedback journey, get in touch with us today:

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