A New Approach for B2B Customer Experience Management

AUTHORS

David L. Vannette, Michael Maicher, Allison Windon, Benoit Rengade, Frauke Kreuter, Axel Schaer, Ville Roisko & Laura Monari

qualtrics EXPERIENCE MGMT™ + Allianz

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Workshop participants

LÉONIE BROWN
CX Strategist
QUALTRICS

PROF. DR. FRAUKE KREUTER
Director – Joint Program in Survey Methodology
UNIVERSITY OF MARYLAND

Professor Methods and Statistics
UNIVERSITY OF MANNHEIM

Head of Statistical Methods Group
INSTITUTE FOR EMPLOYMENT RESEARCH

MICHAEL MAICHER
Head of Global Broker Management
ALLIANZ SE

Head of Customer Experience Management
ALLIANZ GLOBAL CORPORATE & SPECIALTY

LAURA MONARI
Head of B2B Customer Experience
TETRA PAK INTERNATIONAL

VILLE ROISKO
Head of Business and Client Analytics
DEUTSCHE BANK AG

BENOIT RENGADE
Voice of Customer
Corporate Quality & Audit
MICHELIN

AXEL JÜRGEN SCHAER
Head of Program CX B2B Europe
DEUTSCHE TELEKOM AG

CATRIONA SHEIL
Principal Customer Experience Subject Matter Expert.
QUALTRICS

DR. JOERG STAUDACHER
Partner / Strategy consultant
WATC CONSULTING AG

IVAR TALMOEN
Customer Experience Director
TELENOR ASA

DR. DAVID L. VANNETTE
Head of Qualtrics Methodology Lab
VISITING RESEARCHER
UNIVERSITY OF CALIFORNIA DAVIS

ALLISON WINDON
Global Customer Experience Director
ALLIANZ GLOBAL CORPORATE & SPECIALTY

DR. LORENZ ZIMMERMANN
Project Manager and NPS Expert
ALLIANZ SE

MODERATOR

JORGE PEÑA
Director of Business Transformation
QUALTRICS

Time for a new approach in B2B?

Much of the best practice around customer experience (CX) programs comes from B2C research - with the benefit of huge numbers of respondents and benchmarks drawn from decades of customer feedback, it's informed a vast number of best practices.

But what about B2B CX programs? Smaller sample sizes, more personalised and often more complex customer relationships and a smaller proportion of customers often providing the lion's share of revenue to the business, make B2B vastly different from B2C.

While many B2C survey best practices are still perfectly valid, there are many areas which need a new approach to take into account the unique elements of B2B.

There is still much research to be done in this area, but with decades of research with their corporate customers, some of the world's leading B2B companies came together to start the discussion towards a new best practice set for B2B.

From questioning the significance of NPS and quantitative data analysis to moving away from a 'scores' culture and focusing CX programs on closing the loop and driving organisational transformation, there are many things B2B programs could, and indeed should, do differently from their B2C cousins.

> B2B research should not simply mimic business-to-consumer methodologies

Alongside this paper, we've also published a best practice handbook for B2B customer experience which takes these findings and condenses them into a step-by-step best practice guide for designing and delivering on a world-class B2B CX program.

The challenge of smaller sample sizes

At the root of many of the challenges B2B organisations face when it comes to delivering on customer experience is the smaller sample sizes they typically have compared to their cousins in B2C.

It's a common theme throughout this paper and presents a multitude of challenges from establishing a stable metric for your CX program to being able to analyse the responses in order to drive change across the organisation.

IS IT GAME OVER FOR NPS? SEE MORE ABOUT METRICS ON PAGE 10

Particularly when you add to that the fact B2B research tends to prioritise feedback from particular roles in the organisation - and that's before you start to filter down into your data by country, industry and other variables - an already small pool of customer respondents can quickly reduce to just a dozen.

And while there are analytical tools designed for smaller data sets, there's still potential for volatility.

One approach is to **combine data from different countries**, although it's important to make sure you account for country-level differences in the analysis.

> In B2B programs, it may be advisable to abandon quantitative analysis altogether and focus on closing the loop

Another more radical - but equally valid - approach is to **avoid quantitative data analysis altogether** in B2B. Instead, survey data should be used to inform closed-loop activities at a customer level.

Applying a qualitative approach is likely to deliver much more in terms of results than a quantitative approach based on small sample sizes and questionable data.

The challenge of smaller sample sizes

NOT ALL CUSTOMERS ARE EQUAL

Another challenge small sample sizes presents is that, almost unique to B2B, a large proportion of revenue often sits with a much smaller proportion of customers than in other industries.

Say for example you had 100 customers but one of them accounted for 20% of your revenue, not including their responses in your data analysis would give it little value to the organisation.

As such, it needs a concerted effort to **ensure your key customers participate in your research** and many of the most successful B2B organisations take a white glove approach to these customers, enlisting the support of sales teams and account managers to invite them to take part.

When the data comes in, it's important too to then weight their responses and apply an element of prioritisation in any closed-loop activities to make sure your most important customers are first in the queue.

SEE MORE ABOUT CLOSING THE LOOP WITH CUSTOMERS ON PAGE 12

IN A NUTSHELL: SAMPLE SIZES IN B2B

Small sample sizes are a challenge in B2B such that it may be more valuable to abandon traditional quantitative data analysis entirely. Similarly, these small number give particular importance to feedback from your biggest customers, meaning extra effort is required to ensure they take part in any customer research.

Gathering customer feedback in B2B

In B2B, it's all about getting the right respondent to give their feedback - typically a relationship involves multiple people within a single organisation and some will have more impact on the buying decision than others.

So think carefully about who you want to solicit feedback from - it helps to have a customer journey map here to **clearly define the different steps of the journey** your data collection will target and critically, who your respondent is at each stage.

Try to keep a clear focus and avoid the temptation to include multiple steps in a single survey. Respondent time is limited so err on the side of sending more, shorter surveys targeted to the right individuals.

GETTING THE FREQUENCY RIGHT

It's important to remember that the survey experience is a part of the customer experience, so take care not to survey customers too frequently so as to damage the relationship.

In general, **longer surveys should be sent less frequently**, while shorter surveys can go out more often - so your comprehensive customer satisfaction survey should be sent one to two times a year while short, transactional surveys can be sent monthly or quarterly.

> Longer surveys should be sent at most twice a year. For short surveys, monthly or quarterly is an acceptable frequency

A personal touch is a useful to avoid the sense that you're 'spamming' customers - B2B has an advantage here over B2C with closer, more direct relationships with a much smaller number of contacts. This makes it possible to send personalised invitations and use existing relationships to reach out to customers before the survey is sent to explain the research and why you value their opinion.

Gathering customer feedback in B2B

AVOID ANONYMOUS OR BLINDED SURVEYS

In B2C research, surveys are often 'blinded' - that's to say they are anonymised so the respondent remains anonymous (single-blind) or that both respondent and the organisation carrying out the research are anonymous (double-blind).

This practice is based on research that shows respondents disclose more about sensitive topics if it's anonymous. However, in B2B research, this is fraught with risk as it makes it impossible to close the loop with customers and reduces response rates in what is already a smaller sample of respondents.

For B2B research, **the most effective surveys are open surveys** that make the most of the closer relationship you have to your customers, tailoring the communications accordingly.

INCENTIVISING PARTICIPATION

Monetary incentives should never be used in B2B customer research - instead it should be intrinsic such as the results of the report or the knowledge that they're helping to improve the products, services or experience they receive.

Instead, **focus on incentivising internal stakeholders**. B2B has the benefit of closer relationships with customer than B2C, and incentivising teams internally to drive participation is a good way to make sure your teams use those relationships to help gather feedback.

Similarly, incentivising employees based on outcomes such as responsiveness to customer issues is another good way to improve engagement with the program internally and help drive customer-centric behaviours.

A word of caution though - avoid incentivising staff based on metrics and scores as this is likely to lead to undesirable behaviours (see page 9 for more on avoiding a targets culture).

IN A NUTSHELL: GATHERING FEEDBACK IN B2B

B2B research requires careful thought over who you want to give you feedback - a smaller sample size of the right respondents is far better than a large sample size of the wrong ones. To achieve this, try adopting a personalised approach, using the existing relationships you have with key customers and look to incentivise employees for customer-centric behaviours.

Measuring the customer experience

For any CX program to be successful, the goal should always be to drive action - both internally and directly with customers by closing the loop. However, many organisations remain focussed solely on a single CX metric like their NPS or CSAT scores and their programs live and die on that number.

This kind of targets-driven culture is potentially damaging to a CX program, not least of all because **it doesn't link to hard business metrics**. Without that link, proving the value of and indeed getting buy-in for your CX improvements can be a near impossible task.

Take marketing as an example - a decade ago it was seen as one of the more 'fluffy' departments in an organisation, everyone knew what they did in terms of creative output, but they were unable to quantify their strategic value to senior leaders. As such, when hard times hit it was often the marketing teams that faced the deepest cuts, unable to make a case for investment without hard operating metrics that linked back to the organisation's KPIs.

Fast forward to after the 2008 global financial crisis and marketing began to see a shift as it adopted hard metrics like marketing-sourced leads and revenue, cost of acquisition and time-to-revenue. In effect, marketing became professionalised and followed the lead of departments like sales, manufacturing and operations in being able to directly link their activities to the organisation's KPIs.

Making this leap, and being able to **report hard metrics with a direct impact on the organisation's KPIs** alongside your CX metrics is essential to drive organisational change and get the buy-in to improve the experience for customers.

Secondly, focusing on these metrics as a target can in fact have the opposite effect as **people adopt undesirable behaviours in a bid to 'game' the scores**. This is known as Goodhart's law, which states "When a measure becomes a target, it ceases to be a good measure." (Strathern 1997) as the organisation focuses on improving the score rather than improving the customer experience.

Instead, CX programs in B2B organisations should be focussed on delivering superior business results by immediately following up with customers and re-shaping internal processes to continually improve the customer experience.

IN A NUTSHELL: FOCUSING ON TARGETS

A targets culture is potentially damaging to a CX program - instead of focusing on increasing a 'score' your CX program should be designed to drive change, both internally and at an individual customer level.

Is NPS useful in B2B?

The Net Promoter Score (NPS) first described by Bain and Co in 2003 is the standard currency for CX programs the world over and has been repeatedly shown in B2C research as a leading performance indicator.

But in B2B, NPS has its limitations for 3 main reasons:

1. **It promotes a targets culture** as previously described where the goal of a CX program is to measure the NPS and then become maniacally focussed on increasing the number (and not in fact improving the experience for customers).

2. **People adjust their scores based on their knowledge of NPS**. We know in most samples there are three distinct groups: those that know how NPS is scored and adjust their response accordingly, those that know how it's scored but do not adjust their response and those that don't know how it's scored. While the responses from the last two groups are comparable, the responses of the first group cannot be validly counted alongside them. Given the prevalence of NPS in business, it's likely that B2B respondents will over-index in the first group compared to B2C and so the results are less useful.

3. **Sample sizes in B2B are just too small**. In order to achieve a similar margin of error to other comparable metrics, NPS requires much larger sample sizes (generally more than 1,100) in order to remain stable. Without large sample sizes, NPS can vary wildly often based on just a few responses.

For these reasons, B2B organisations should consider looking at alternative metrics to measure and monitor the customer experience.

Is NPS useful in B2B?

ALTERNATIVE METRICS FOR CX IN B2B

On relational surveys, we suggest using **overall satisfaction (OSAT)** and for transactional surveys, **Customer Effort Score (CES)** - both of these metrics can be used for competitive benchmarking as well as be tied back to operational KPIs through Share of Wallet (calculated by using the Wallet Allocation Rule).

However, that's not to say you shouldn't ask an NPS question - it just shouldn't be used as a 'be all and end all' metric like it is in B2C. NPS remains an important part of a B2B customer experience program because it allows you to close the loop with individual customers.

By asking customers to rate how likely they are to recommend you and then following up with an open text question to find out more about why they gave that score is the basis of any closed-loop system.

It allows you to identify the customers that need to be followed up with and allows you to direct the feedback to the right part of the organisation (eg. sales or customer support) by gathering a verbatim response too.

IN A NUTSHELL: KPIS

NPS is a useful tool to drive follow-up with customers, but B2B organisations should think carefully about focussing on the calculated score entirely. Instead, for performance indicators in B2B, look to calculate overall satisfaction (OSAT) in your relational surveys and Customer Effort Score (CES) in your transactional surveys.

Closing the loop in B2B

We've talked about the role of NPS in the B2B context not as a score to be chased but instead as a signal to the organisation to follow up and close the loop - this is in fact one of the most important elements of your program.

Your customer feedback and the metrics you choose to measure the experience are key data points, but without a closed-loop system to turn them into actions and improvements, they're almost meaningless.

Closed-loop can be split into two distinct activities:

INNER LOOP
This happens at a customer-level, typically **following up with individual customers** based on their feedback. This is usually triggered by a specific NPS score, for example, someone indicates they are a detractor by giving an NPS score below 7.

OUTER LOOP
This takes place at an organisational level and usually **affects a group of customers**. This includes changes to processes internally in response to feedback from multiple customers and subsequent root cause analysis.

> Closing the loop is where a CX program turns feedback into action and drives organisational change.

True customer centricity involves getting both of these right and having systems in place not only to follow up with individual customers but to **use your data to drive organisational change**, identifying operational changes that will lead to better experiences for your customers going forward.

Benchmarking your CX initiatives

Regardless of your industry, looking over the fence to compare your own performance against that of your competitors or even different departments or markets within the organisation can provide valuable context to assess your improvements.

INTERNAL BENCHMARKS

Benchmarking multinational CX programs is fraught with potential pitfalls, in particular the cultural and language difficulties and the different competitor sets per country which can often invalidate the results.

As such, rather than directly comparing raw scores, **using relative changes in metrics over a set period of time** (eg. % increase in satisfaction over the past 12 months) is potentially the most useful way to benchmark your program.

It's important too to ensure you have balanced samples in terms of both the numbers and types of customers included in order to get an accurate comparison.

EXTERNAL BENCHMARKS

If you're looking externally, try to **keep comparisons at a country level** - you may need to run a separate benchmark for each country or market - as, like internal benchmarks, it needs to account for local norms.

Unlike internal benchmarks, you're unlikely to have detailed enough data on your competitors to be able to use relative changes in scores, so by keeping it at a country level you can make sure your results are not invalidated by cultural, language or competitor set differences by market.

Also, you need to ensure the competitors you choose to benchmark against are as closely aligned as possible to your own organisation to make the comparisons accurate.

> Benchmarks are useful, but you need to take care to ensure they're valid, particularly when comparing across countries.

Benchmarking your CX initiatives

RANKING COULD OFFER A BETTER ALTERNATIVE

While most organisations currently look to use ratings as their benchmarking metric, a better alternative could in fact be ranking.

For example, Allianz Global Corporate & Specialty (AGCS) compares its various markets by how they are ranked locally - with the explicit aim of having 75% of its businesses ranked as 'loyalty leaders' in their markets.

This kind of approach is intrinsically relative - each market is judged in its own context and can be compared to other markets as well as aggregating the scores where needed to get to a global ranking that can be tracked over time.

It removes any cultural differences or potential translation/interpretation issues that could skew the results while still providing a valid comparison of how each business is performing when it comes to customer experience.

IN A NUTSHELL: BENCHMARKING

Global CX programs can be difficult to benchmark based on ratings due to geographic and cultural differences. Instead, a ranking systems offers a potential alternative allowing you to benchmarking your CX efforts while taking local norms into account.

Proving the strategic value of your CX program

We explored earlier the need for CX programs to become more 'professionalised' and be able to demonstrate their strategic impact to the business. Getting this right is absolutely critical - without it, getting buy in from leadership and driving change through can be an uphill struggle.

The key to achieving it is being able to **link experience and operational data** and to demonstrate the impact of your CX KPIs on the business' core metrics like purchase decision drivers and financial performance.

Once you've made that link, you're able to prioritise your customer experience improvements, knowing which experiences to focus on to have the biggest impact on the organisation's financial performance.

Businesses have plenty of operational data about their customers and, with APIs and other software connections, it's now possible to link those data sets with experience data gathered from customer surveys. This includes traditional metrics like CSAT scores and NPS right through to survey paradata such as how quickly survey questions were answered or eve how many invitations were sent before a customer responded to a survey.

Collecting this data and viewing it in real-time alongside your operational metrics allows you to monitor this shift over time and **build predictive models that can help further drive the success** of your CX program.

As we explored at the outset of this paper, it's important to remember too that not all B2B customers are equal. So when linking these data sets, you need to **make sure you're weighting the data based on customer importance** or a relative financial metric in order to better understand how your customer experience activities will impact financial performance.

IN A NUTSHELL: PROVING VALUE

Best in class CX programs are able to demonstrate how they impact the organisation's financial performance. By combining your experience and operational data sets, it's now possible to build predictive models and prove the strategic value of your program to the business.

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