Correctly Manage Feedback Data

Prerequisites for an Excellent
Customer Experience

Introduction

In recent years, many companies have started to put their customers at the center of their actions and strategies and thus align business processes and decisions with consumer needs and wishes.

To gain knowledge about these requirements and desires, companies utilize methods such as surveys, user tests, and focus groups. In short, they ask their customers for feedback. Above all, negative feedback has proven to be a gold mine for companies—customer complaints provide valuable information about company problems and weaknesses. But, if used correctly, positive feedback can also serve the company and its success.

When starting to set up customer surveys, you quickly notice that collecting customer feedback seems pretty straightforward. It becomes more complex, however, when it comes to consistently and regularly collecting feedback and, above all, evaluating and analyzing customer opinions. The fact is, data alone is worthless—without adequate analysis, evaluation, and the ability to implement the results, collecting feedback has no real added value. The most common causes of poor feedback management are mostly inconsistent feedback queries and silo-like data storage.

What are the consequences that result from these bad practices? Your customers notice this poor handling of their opinions and problems with feedback management translate into delays, additional effort, and a feeling of loss of quality—in short, an unsatisfactory customer experience. Businesses start noticing this often through infrequent repeat purchases and a lack of recommendations. Inadequate feedback management, therefore, has an impact not only internally, but also externally on the corporate image and thus has negatively influences on your economic success.
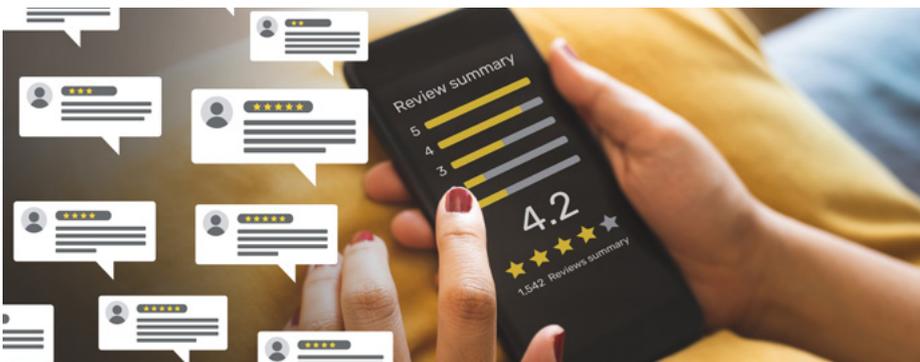

This white paper shows the typical mistakes companies make in feedback management and the consequences of inadequate feedback handling. How companies can avoid these mistakes and manage feedback correctly is also contained in a short but comprehensive guide.

Status Quo

More and more companies are realizing that collecting customer feedback can make a significant contribution to greater customer focus and thus to higher sales.

However, dealing successfully with this still poses challenges for many companies. According to an EHI study from 2020, for 45% of all companies surveyed, the integration of customer feedback into their organization is a major hurdle that they have not yet been able to overcome successfully.

Integration Challenges

7%
No response

7%
Data protection

9%
Data: consistency
and strategy

16%
Data: Differing silos

11%
Implementing technology
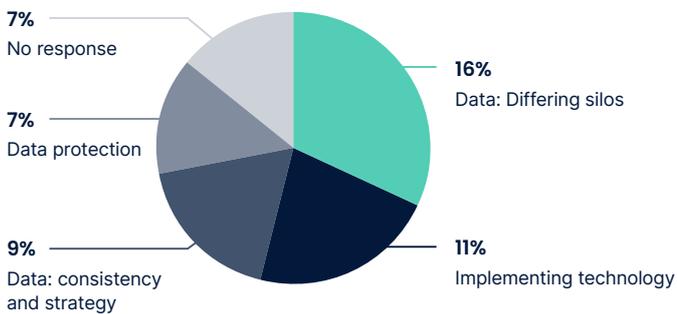
Challenge 1:
Data Technologies and Data Consistency

Before customer feedback can even be saved, it must first be collected—and that is where the first problem area lies. Around a quarter of all study participants who stated that they had problems with data management cite either inconsistent and un-strategic feedback collection or insufficient use of technology as the reason.

In order for a company to get an overview of the purchase or usage experience of customers, it is necessary to keep an eye on the entire customer journey. Most companies, however, only ask for feedback at some of the touchpoints and only periodically instead of continuously. The data collected therefore has gaps and is inconsistent. A practical example of this are surveys that are carried out on a "project basis", for example. In this case, companies want to ask customers for their opinion on a particular process or product. This then usually happens once and only represents a snapshot—the customer's opinion is usually not continuously queried, which means that potential new problems or wishes go unnoticed.

This challenge is often combined with another one: the insufficient use of data management software. In order to manage customer feedback, so-called VoC technologies (Voice of Customer Technologies) are available.

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With the help of such solutions, companies can automatically collect, manage, and save feedback, adapted to their needs and wishes. For around a quarter of the respondents who stated that they had problems with feedback management, the greatest hurdle was the adequate use or implementation of such a technical solution.

The Typical Hurdles Companies Face when Implementing VoC Technology Are:

✓ **Costs:**
Feedback technologies can appear expensive at first, which is a deterrent for many companies.

✓ **Relevance:**
Some companies are not yet aware of the relevance of a technical solution and therefore manage their feedback manually.

✓ **Time:**
Implementing a holistic solution in all relevant areas of the company can be time-consuming.

✓ **Data Protection (GDPR):**
Even if most of the technologies meet the necessary standards, some industries (e.g. insurance companies or banks) have higher requirements than others.

Challenge 2:
Data Silos

The second hurdle arises when it comes to storing and evaluating collected feed-back. For a third of respondents who said they see data management as a challenge, an outdated organizational silo is the biggest obstacle to transforming it into a data-driven, intelligent company. The word "silo" which originated as a name for grain storage containers metaphorically refers to various separate data storage locations.

Reasons for Data Silos:

✓ The trend towards multi and omnichannel marketing has resulted in many communication channels

✓ Most customers (97%) now use multiple channels to communicate with companies

✓ Outdated, highly specialized departmental structures still exist in the companies

✓ Parts of the feedback are collected offline

The feedback is not stored centrally and is inconsistent if it is collected and updated in different departments at different times. Employees often do not even know what data is being collected in other departments, and they certainly have no access to it. The result: lots of stored, partly incomplete data sets, which individually do not offer any knowledge or a coherent basis for action.

Silos are usually formed on the following bases:

✓ **Channel-specific feedback:**
Feedback management is a major challenge, especially in multi and omnichannel companies, as the data is often only saved for the channel through which it is collected. In addition, customers usually have no way of providing feedback in one channel for the other channel or across channels. The branches of a company collect their feedback separately from the online shop or its mail-order business and evaluate it separately from one another.

✓ **Touchpoint-specific feedback:**
Problems with central data storage arise at companies that collect their feed-back on a touchpoint-specific basis—for example on the website, after delivery, or after contacting customer service. If the customer's opinion is then only shared with the touchpoint-specific department (e.g. marketing, operations, or customer service), the overall customer experience cannot be understood and companies miss out on valuable insights.

✓ **Form of feedback:**
Feedback-type data silos also present recurring challenges. Companies collect feedback such as opinions asked, feature requests, formal complaints, error messages, or problems with use in separate memories.

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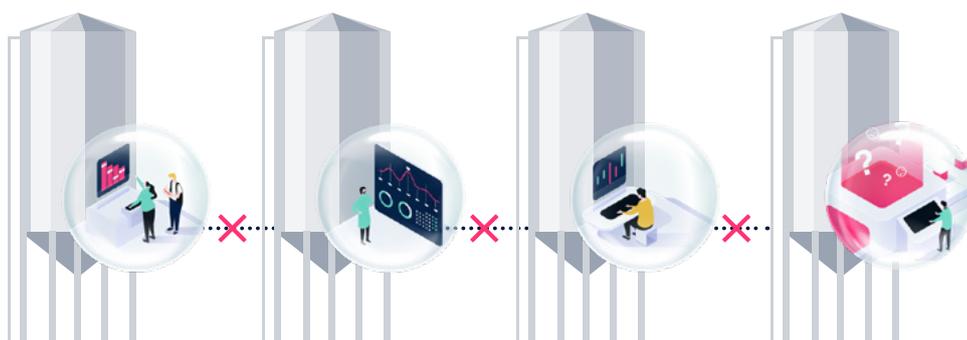
Social Media Channels
Information collected
without evaluation

Online Marketing
Feedback through
review portals

Customer Service
Customers make contact
with the company

CRM
Surveys via
emails

Despite it being known that functioning feedback management is an important factor for the company's prosperity, successful implementation still poses challenges for many companies. The main causes are silo-like data storage, the lack of or inadequate use of relevant technologies, and inconsistent data collection. Most companies are actually aware of this, but often do not change their situation for lack of time, costs, or a lack of priority. An evaluation of all the collected data is simply not possible for many companies and they therefore consciously accept data loss—and thereby of the overall picture.

But especially now, at a time when customer satisfaction is becoming more and more central to generating sales—and increasing digitalization means that there are more and more touchpoints between companies and customers—it is more important than ever to manage customer feedback effectively.

The Disadvantages of Ineffective Feedback Management

Once you have found out what the reasons for poor feedback management are, you might ask yourself why it plays such a big role in the first place.

Essentially, it is about the following relationship: How customer feedback is managed influences the customer experience, and the customer experience, in turn, influences the company's success. If companies treat their feedback badly, this has, among other things, the following effects:

Untapped Potential

The generation of sales is more and more about the satisfaction of customers, who meanwhile have many different points of contact with the company—whether directly or indirectly, online or offline. With the customer at the center of the corporate strategy, however, not only does the relevance for evaluating the feedback data increase, but also the amount of feedback that comes in. If this feedback is inadequately handled, companies miss out on potential income—for example, due to a lack of identification by satisfied customers. Companies could ultimately use this for free marketing purposes—so-called recommendation marketing—as well as for cross-selling or up-selling measures. This could generate additional income without causing high costs and thus boost the company's success.

On the other hand, dissatisfied customers and their motives also remain undiscovered. These usually show a high probability of emigration. If these customers cannot be identified, customer recovery measures cannot be initiated and the number of customers rapidly decreases rather than increases.

In addition, the specific content of the customer feedback and the evaluation thereof play an essential role in order to fully exploit potential. Critical feedback in particular often indicates improvement opportunities and gives companies clues as to where customers have problems, or where processes are not yet running smoothly. Since these are often the reasons why customers turn away from the company, eliminating these pain points can increase customer satisfaction and strengthen customer loyalty to the company.

The extent of this potential becomes clear when you look at the following numbers:

- ✓ Unsatisfied customers are three times more likely to churn than satisfied customers
- ✓ Satisfied customers recommend companies or products to friends or family on average six times as often as dissatisfied customers—not to mention the negative experiences that dissatisfied customers report to their friends and acquaintances
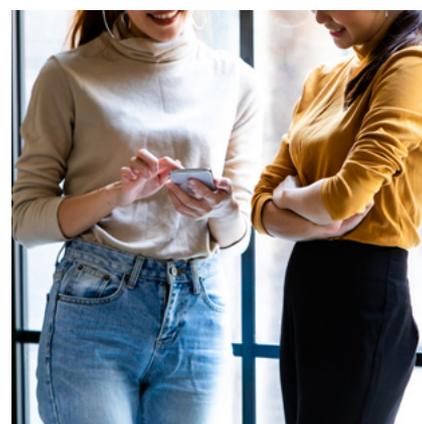
But far-reaching feedback evaluation is not the only essential. The response time plays an equally important role. Evaluating feedback too slowly can also have a negative impact on the company's success. This is especially true for companies that evaluate feedback manually without a holistic tool.

Here, the "cost of delay" comes into play. Any delay in evaluating the feedback can make the company slower to respond to customer feedback or other market signals. This means that even if companies think they already have a functioning feedback management—perhaps even without silos—delay costs can arise from marginal delays. Because over time, even the smallest delays add up and then affect the company's success.

Poor Customer Experience

Not only does company potential remain untapped, if data and, above all, feedback is poorly managed—or even worse, not at all—this also has an impact on the relationship with customers. Companies are then in the dark about the customer experience, especially at the touchpoints where no feedback is collected. In addition, companies that only collect their feedback discontinuously often only focus on new customer satisfaction measures or on areas in which they have been able to identify customer requests or problems.

Problems at touchpoints where feedback is not requested, or pain points that only appear in the course of the customer journey, such as after an initial request for help, often remain undetected and therefore unresolved for a long time. Ultimately, this lives behind an angry and dissatisfied clientele.

When feedback is collected in silos, this has a negative effect on the perceived service quality from the customer's point of view. Since customers now have more than one channel of communication at their disposal, they also expect companies to receive feedback that coherently takes into account the feedback from all channels.

However, if the feedback is collected in individual silos, it is impossible for the individual employees in the various departments to access all of the data. This often results in repeated queries or the customers are referred to other employees.

For customers, for example, this results in unsatisfactory experiences, such as:

- ✓ "Sorry, but I don't have access to that data"
- ✓ "What's your problem again? I couldn't find any notes on this."
- ✓ "What was your case number again? I can't find anything about that under your name."

In summary, this means more time, stress, and an unsatisfactory service experience for customers, which ultimately turns them to view the company negatively—even if they are satisfied with the product they have purchased.
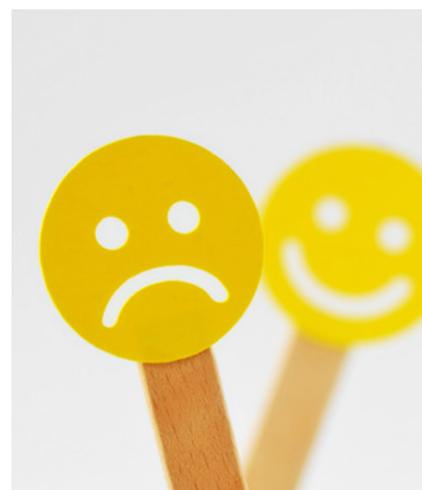
All in all, it can be said that poor feedback management has a negative impact on the company's success. Not only are resources wasted—especially employee working time—but customers also have anything but a satisfactory shopping experience.

In addition, companies lack a view of the "big picture", which means that potential growth opportunities often remain undiscovered and thus unrealized. In short, companies that do not manage their feedback data properly work uneconomically, offer a poor customer experience, and thus prevent themselves from generating higher sales.

Poor feedback management has a negative impact on the company's success

Manage Feedback Properly

However, if feedback is managed correctly, the collected insights can be worth their weight in gold for both the company and its success.

The Benefits Include:

- ✓ Better overview of customer satisfaction
- ✓ Free recommendation marketing through satisfied customers
- ✓ Identification of dissatisfied customers
- ✓ Optimization of the product, the service, or company processes
- ✓ Customer-centric corporate culture

The best way to manage the customer journey and make it positive is to look at it from a bird's eye view—that is, as a whole. If you have a good overview of the various points of contact, the likelihood increases that faulty structures will be recognized early on, priorities set wisely and synergies used.

Most companies have already recognized the relevance in this—but their implementation is still lacking. It is not uncommon for the collected evaluation to be carried out manually, which is very costly, time-consuming, and actually impossible with an ever-increasing amount of feedback. Instead, companies should rely on the right tools and state-of-the-art technologies that are now available. These make it possible to automatically categorize customer feedback as soon as it is received, forward it to the relevant departments, and save everything centrally on a platform.

6 Prerequisites for Success-ful Feedback Management

In order to use customer experience management software effectively and manage feedback in a targeted manner, it is imperative for companies to learn how to use it correctly in order to exploit its full potential. Overall, the correct application can be summarized in the following steps:

Step 1:
Recognize Relevance

First of all, companies should start to identify their silo structures and recognize the importance of smooth, continuous feedback management. To do this, it is important to identify where feedback silos exist or what challenges the company is struggling with in terms of data technology and consistency.

Step 2:
Eliminate Silo Structures

In order to be able to manage the incoming feedback accordingly, it is important to break down outdated silo structures. The best way to do this is with an experience management platform that collects incoming feedback from all channels, touchpoints, and types of feedback. In order not to lose the overview, despite the mass of feedback that is now collected in one place, settings can usually be adjusted so that all employees receive the information they need but can access more data if necessary.

Step 3:
Define Touchpoints and Trigger Events

Even before potential feedback management software is used to query and analyze customer opinions, companies should first define all the relevant touchpoints of the customer journey where feedback should be obtained. In order to be able to evaluate this feedback collectively, care should also be taken to ask customers about defined events or at regular intervals. Simple metrics such as the NPS® are particularly suitable for this, as they achieve high response rates and make feedback comparable both internally and externally.
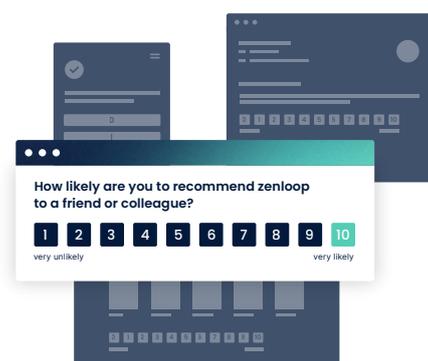
Step 4:

Bringing Feedback into the Company

Employees should be motivated and trained in order to identify problem areas and customer pain points in feedback and eliminate them. For the appropriate distribution of the feedback, it is suitable to cluster it according to topics—for example by using smart labels. With the help of these, relevant topics and the biggest problems can be automatically identified in real-time and forwarded to the responsible teams using ticketing software. Live feeds, which can be displayed on screens within the company, are a helpful tool for letting all employees participate in customer feedback.

Step 5:

Take Feedback Seriously

It is not only important to collect and evaluate the feedback, but also to use it! If you use customer opinions correctly, you not only put the customer at the center of the company but also have the chance to be made aware of mistakes and to decipher opportunities. The feedback helps to optimally align the company with the market and thus to increase sales.

Step 6:

React Accordingly and Individually

In order to show customers that their feedback is taken into account and valued, companies should respond to it in a targeted and personalized manner. If, for example, the NPS is used, satisfied customers can be classified as promoters, neutral customers as passives, and dissatisfied customers as detractors. By subdividing the customers, there is now the possibility of taking targeted action. Satisfied customers can, for example, be used by companies for recommendations—because more than half of those interested inquire about reviews before buying new products or services and use them as a decision-making aid.

Automatic forwarding to review portals after positive feedback is also possible and strengthens the company's image free of charge through recommendation marketing. On the other hand, dissatisfied customers can be won back with measures such as an apology email or contact by customer service.

CX Management with zenloop

With the advancing digitization and constantly changing customer wishes and needs, effective feedback management is becoming more and more important for companies.

For successful implementation, it is therefore no longer sufficient to evaluate feedback manually. Instead, companies should increasingly rely on an integrated experience management platform such as zenloop. This not only makes it possible to collect feedback but also offers a wide range of options for analyzing and automating actions. The platform solves the three biggest challenges of feedback management as follows:

✓ The user-friendly platform allows easy handling whilst still offering a variety of features and analysis options.

✓ Through direct integration with the most common email and CRM tools, surveys can easily be set up, triggered, and sent—both event-based and touchpoint-specific.

✓ Customer feedback is stored centrally, even if it is collected by different departments or teams, and can be made available company-wide. It eliminates silo structures and enables the simple exchange of data and insights.
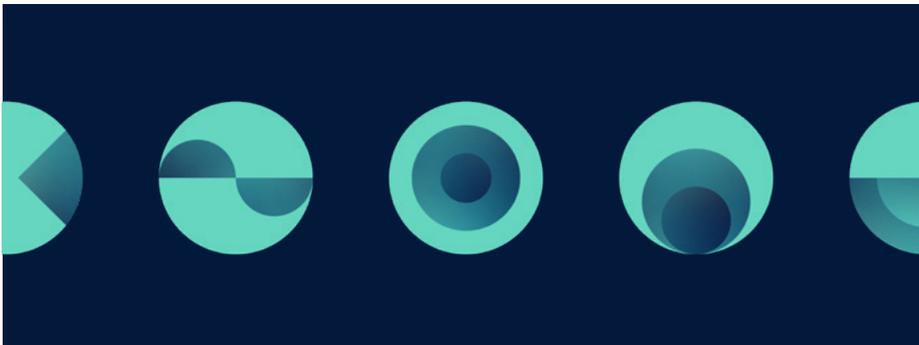
Need more information?

Request a free demo today and find out how zenloop can help you to manage customer feedback efficiently and thus improve the customer experience and sustainably increase your company's success.