



Customer Experience
Professionals Association™

Metrics, Measurements and ROI

General Definitions

What Is a Measurement?

A *measurement* is a data point at a single point in time.

What Is a Metric?

A *metric* is a data point in context.

[Measurements vs. Metrics: Useful Analytics for your Business](#)

Operationalization is the process of strictly defining variables into measurable factors. The process defines fuzzy concepts and allows them to be measured, empirically and quantitatively.

<https://explorable.com/operationalization>



Putting all Together focus on the mechanics of measuring the customer experience to ensure your organization is truly customer centric.



Customer Experience research is a scientific way of gathering and measuring data related to different CX measures.



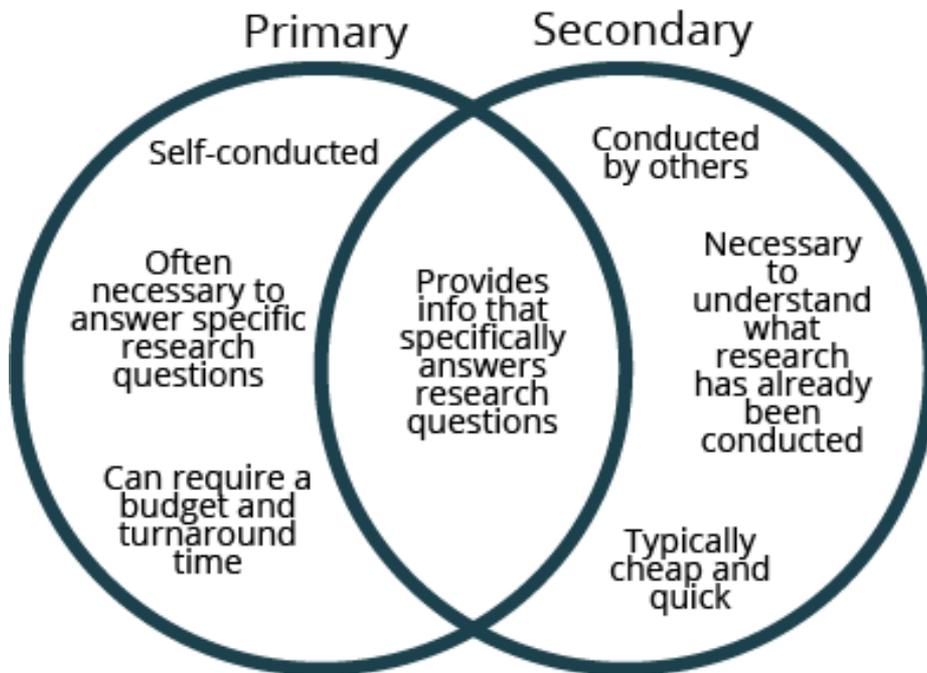
Measuring CX should be systematic which should include identifying the problem or challenge, developing a research plan, collecting and analyzing appropriate data and then using this information to impact results.



Measurement is a mean to an end, not a goal itself

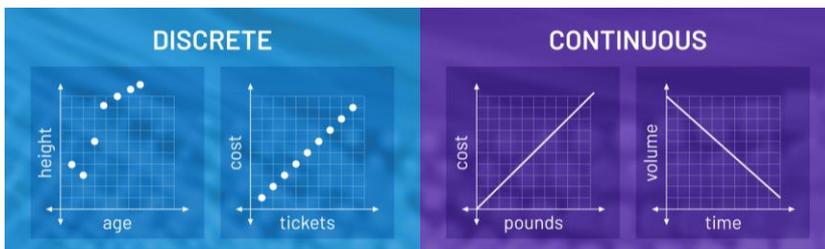
Data Types

- Primary Data is a type of data which never existed before and is data you seek to collect for a specific purpose.
- Secondary Data refers to data that has been previously published, such as CX best practices
- Quantitative data deals with numbers and things you can measure objectively: dimensions such as height, width, and length. Temperature and humidity. Prices. Area and volume.
- Qualitative data deals with characteristics and descriptors that can't be easily measured, but can be observed subjectively—such as smells, tastes, textures, attractiveness, and color.



Type of Primary data

- **Quantitative > Continuous Data and Discrete Data**
- **Discrete** data is a count that can't be made more precise. Typically it involves integers. As a general rule, *counts* are discrete.
- **Continuous** data, on the other hand, could be divided and reduced to finer and finer levels, and *measurements* are continuous.
- **Qualitative > Binomial Data, Nominal Data, and Ordinal Data**
- When you classify or categorize something, you create *Qualitative* or attribute data. There are three main kinds of qualitative data.
- **Binary** data place things in one of two mutually exclusive categories: right/wrong, true/false, or accept/reject.
- **Unordered** or **nominal** data, we assign individual items to named categories that do not have an implicit or natural value or rank
- **Ordered** or **ordinal** data, in which items are assigned to categories that do have some kind of implicit or natural order, such as "Short, Medium, or Tall."



Using Emotional Measurements and Big Data

Big Data

- Gartner defines big data as having three attributes: high volume, high velocity, and high variety.
- New technologies designed to handle data on a massive scale.
- AI tools
- Machine Learning methodologies

Natural Language Processing- NLP is a big data tool to analyze unordered text

- Social media listening
- Online Reviews
- Call center data, notes
- Complaints
- Product Feedback

Measuring Brand values

- Use a Brand Tracker

[Sentiment analysis: What it is and how to use it to improve customer experiences](#)

CX Measurement Framework

- **Define** what you want to measure and when.
 - **Relational surveys**
 - **Transactional surveys**
- **Measure** what you want to know.
 - **Descriptive** metrics tell you what really happened. How long did a customer have to wait until a call centre employee answered their call?
 - **Perception** metrics measure how the customer thinks and feels about what happened.
 - **Outcome** metrics describe what a customer does as a result of their perception of the experience you delivered. Will they purchase from your company again or will they recommend your service?
 - **Meta-Analysis** A meta-analysis is a statistical approach that combines the results from multiple studies in an effort to increase power (over individual studies), improve estimates of the size of the effect and/or to resolve uncertainty when reports disagree
 - **Likert Scales** When responding to a Likert questionnaire item, respondents specify their level of agreement or disagreement on a symmetric agree-disagree scale for a series of statements. Thus, the range captures the intensity of their feelings for a given item. Likert Scales may be offered with a choice of five to seven or even nine pre-coded responses with the neutral point being neither agree nor disagree.

CX Measurement Framework

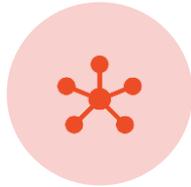
- **Collect** your data. Make sure you ask the right customers the right questions at the right time
- **Analyse** your data. It depends on what metric you used, what you are measuring exactly and how you are analysing it. But make sure you interpret the data in the right way! You can read more about [using Maslow's hierarchy of needs to interpret your data here](#).
- **Share** your data with the people who need to know and make sure the data is applicable to the various groups.
 - Segment your NPS scores by different silos. Give the contact centre their specific NPS with a focus on coaching and process improvement and present your sales-specific NPS to the sales team. In their report, you focus on up- and cross selling.
 - Use methodologies such as storytelling and gamification to increase engagement and make the sharing fun and memorable.

[5 Examples of Great Storytelling Tactics for Boring Products](#)

Characteristics of Best Measurement Programs



1. A TOP-TO-BOTTOM CULTURAL EMBRACE OF THE IMPORTANCE OF IMPROVING THE CUSTOMER EXPERIENCE, AND BUY-IN TO THE MEASUREMENT PROGRAM AND METRICS USED



2. COHESION AND HARMONIZATION BETWEEN TACTICAL (INTERACTION) AND STRATEGIC (RELATIONSHIP) CUSTOMER EXPERIENCE MEASUREMENT



3. CLEAR LINKAGE BETWEEN SURVEY RESULTS AND OTHER METRICS, REFLECTING A CONSISTENT VIEW OF COMPANY GOALS



4. A RESEARCH DESIGN THAT INCLUDES SUFFICIENT GRANULARITY TO SUPPORT TACTICAL DECISIONS AND LINE-LEVEL ACCOUNTABILITY



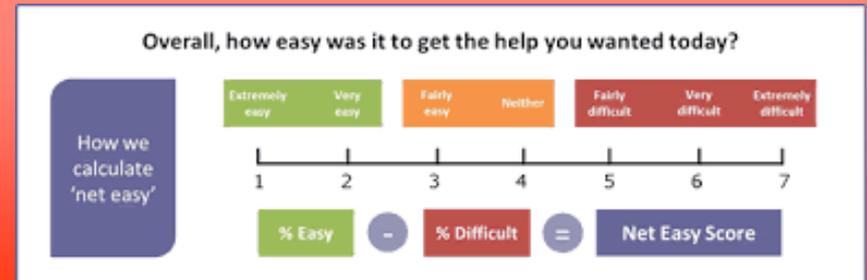
5. FLEXIBLE MEASUREMENT VISION AND STRATEGY THAT STANDS UP TO BUSINESS CHANGES AND EVOLVING NEEDS

The Challenge of Finding the Single Best Measurement

- Service quality is originally conceptualized as a gap between expectations and the consumer's overall assessment of the service encounter.
- There are several prevailing methods for tracking and scoring the effectiveness of CX efforts –the Net Promoter Score (NPS), the Customer Satisfaction Score (CSAT), the CES (Customer Effort Score) and The Word of Mouth Index (WoMI). Other methodologies bear strong similarities to one of these four-keystone methodologies.

CX Metrics

Customer Effort is a micro-level indicator on a specific interaction.



$$\text{Satisfaction Score} = \frac{\text{Happy Customers}}{\text{Number of Customers Asked}}$$

CSAT measure specific interactions and tends to be a macro-level indicator when measuring overall customer journey

Recommendation, NPS, and Loyalty tend to be macro-level outcomes of the customer experience.



ROI

Forrester has developed a six-step process that lets even the financial novice model the return on investment (ROI) for customer experience projects.

- Document the improvements that you want to make
- Define how you expect those improvements to change customer behavior
- Assign a financial value to each behavior
- Estimate best- and worst-case scenarios for how far the needle will move
- Estimate the cost of the project
- Plug the data into a spreadsheet and run what-if scenarios

How to Calculate Return on Investment (ROI)

The diagram shows the formula for calculating ROI. On the left, a blue icon of a hand holding a coin with a dollar sign is labeled "Net Profit". Below it, a blue icon of two hands holding a coin with a dollar sign is labeled "Cost of Investment". A horizontal line is drawn under "Net Profit". To the right of the line is a large "X" followed by "100 =". To the right of the equals sign is a green icon of a hand holding a coin with a percentage sign, labeled "ROI" in a green oval.

$$\frac{\text{Net Profit}}{\text{Cost of Investment}} \times 100 = \text{ROI}$$

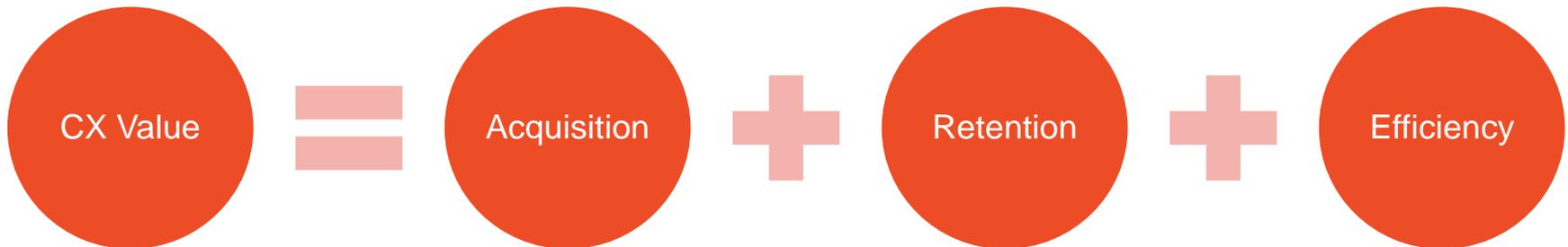
Measuring customer experience investments is a very complex practice to ensure excellent execution. Customers, insight teams, managers, and employees need to taking action on the feedback. All will need to work together and define how the CX program value will be measured.

[Quantifying the ROI of CX by CXPA and West Monroe Partners](#)

The CX Value Equation

- Oracle Value Equation identifies and measures the value of CX investments. Each area has strategic and operational areas of measurement, or Key Performance Indicators (KPIs).

ACQUISITION (INCREASE SALES)	RETENTION (MONETIZE RELATIONSHIPS)	EFFICIENCY (LEVERAGE INVESTMENTS)
GENERATE MORE OPPORTUNITIES	INCREASE SHARE OF WALLET	INCREASE ROIC / EVA
INCREASE BRAND EQUITY	DRIVE LOYALTY	INCREASE PRODUCTIVITY
INCREASE MARKET SHARE	DRIVE ADVOCACY	DECREASE COST OF OPERATIONS



CX and Business Value

What to Measure

CSAT

NPS

Impact on Retention and Renewals

Impact on Revenue

Impact on LTV

Impact on Operating Margin

CES

Impact on Share of Wallet

Experiences to Measure

Omnichannel

Mobile

Store/POS

Call Center

Web

Retention Metrics

Churn Rate

- The ratio of customer that are not returning

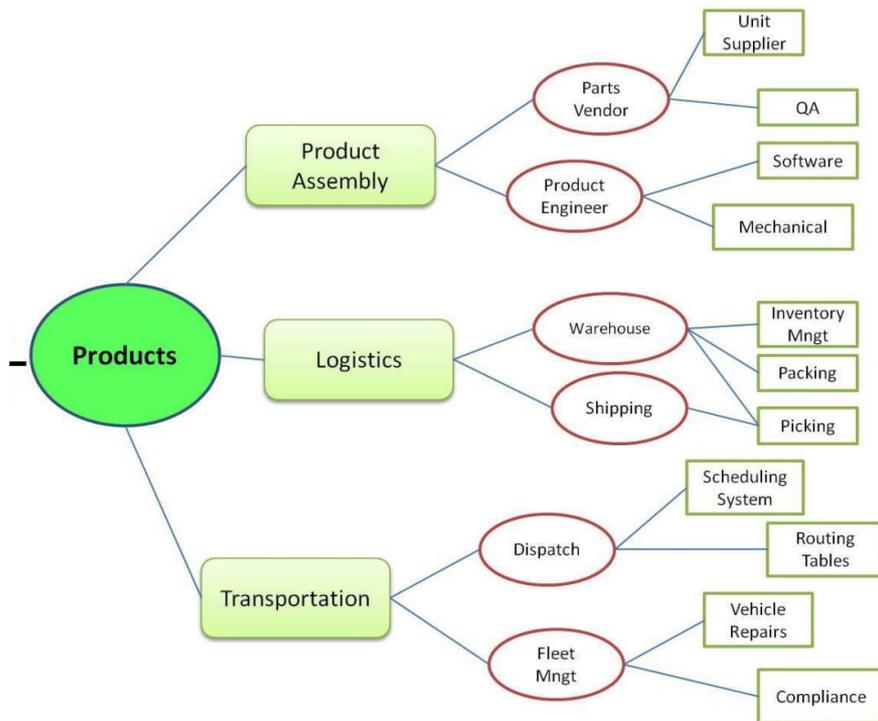
Lost Customers ÷ Current × 100 = Churn Rate

CLTV

- Value by tenure
- The amount of money you have to reinvest in CX programs

$LTV > CAC = \text{Happy Face}$
 $CAC > LTV = \text{Sad Face}$

Root Cause



- Root cause analysis determines the real causes of your customer experience problems.
 - Identify and document the people, activities, processes, policies, and technologies that shape every customer interaction
 - Use this ecosystem map to prioritize the root causes your company must address in order to deliver exceptional customer experiences

Putting All Together

- Wipro A strong analytical framework and a comprehensive planning approach are crucial to improving the customer experience of CSPs. Wipro's three phase Customer Experience Improvement Framework addresses the customer experience improvement (CXM) challenges faced by CSPs, by taking a value-driven approach to CXM initiatives.
- The three phases of the approach are:
- **Blueprinting** – mapping process flows, KPIs and dimensions
- **Value Analysis** – assessing and prioritizing CXM initiatives based on customer experience impact
- **Realization** – implementing prioritized initiatives with special emphasis on user journeys
- [A Value Based Approach to Improve Customer Experience](#)

Questions

- Customer effort is essentially focused on which of the following?
 - a. Promoting ease of use, simplicity and effortless interaction with customer touchpoints
 - b. How to enhance the customer experience to drive advocacy
 - c. Brand and company loyalty
 - d. Building customer engagement through a cohesive branded customer experience
- Which of the following strategies will help reduce customer effort?
 - a. Predict follow-up questions and address them proactively
 - b. Train reps to navigate the emotional side of service
 - c. Make self-service easy
 - d. Ask your frontline team for feedback
- Which of the following is transforming relationship marketing from its initial database orientation into collaborative relationships with customers?
 - a. Better consumers
 - b. The Internet
 - c. Lower profit margins
 - d. Greater demand for products
- Which of the following statements is TRUE?
 - a. There's a small correlation between providing customers with great experiences and positive changes in business performance.
 - b. When customer experience metrics such as customer satisfaction and Net Promoter Score (NPS) tick up there are increases in profits and revenues.
 - c. When customer experience metrics such as customer satisfaction and Net Promoter Score (NPS) tick up other business results usually do not follow.
 - d. There's no correlation between providing customers with great experiences and positive changes in business performance.

Questions

- Which of the following determines the real causes of your customer experience problems?
 - a. Emotion metrics
 - b. Emotion analysis
 - c. Cause metrics
 - d. Root cause analysis
- Which of the following allows an organization to do more with less?
 - a. Loyalty
 - b. Acquisition
 - c. Efficiency
 - d. Retention
- All the following are a part of the Customer Experience Value Equation EXCEPT:
 - a. Loyalty
 - b. Acquisition
 - c. Retention
 - d. Efficiency
- Which of the following is the most challenging aspect of measuring the ROI of customer experience?
 - a. Agreeing on the correct customer experience metrics to use
 - b. Building a model that connects CX metrics with changes in business results
 - c. Presenting the information in a way that resonates with senior management
 - d. Obtaining CX measurements across channels, products, etc.

Questions

- Measurement informs decisions, and metrics are most valuable when used for which of the following reasons?
 - a. Identify and fix customer problems
 - b. Train employees in CX strategies
 - c. Lessen staff turnover
 - d. Increase brand loyalty
- If an investment of \$3000 is made in a product, and the net profit is about \$500, what is the Return on Investment (ROI)?
 - a. About 170%
 - b. About 60%
 - c. About 17%
 - d. About 600%
- NPS implementation includes which of the following?
 - a. Leadership alignment and program governance
 - b. Measurement, analysis, and reporting
 - c. Equipping the organization to use the information
 - d. All the above
- In the last quarter, XYZ Products started with 1,000 customers and during the same quarter, they lost 78 customers. Which of the following is XYZ Products' churn rate?
 - a. 7.80%
 - b. 12.82%
 - c. 92.20%
 - d. 8.46%